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LEGISLATIVE HISTORY
Public Law 86-108
H. R. 7500

May 13, 1959 President's proposed annual budget, H. Doc. 57, Print of summary.
May 16, 1959 Senate received President's proposed program.
May 18, 1959 S. 1451 was introduced and discharged by Sen. Fulbright and was referred to the Senate Foreign Relations Committee. Print of bill as introduced and remarks of Sen. Fulbright.
May 21, 1959 Sen. Mansfield discharged his proposed amendments to S. 1451.
June 2, 1959 H. R. 7500 was introduced by Rep. Sawyer and was referred to the House Foreign Affairs Committee. Print of bill as introduced.
June 3, 1959 House committee voted to report H. R. 7500.
June 5, 1959 House committee reported H. R. 7500 with amendments. H. Report No. 449, Volume II, bill and report.
June 10, 1959 Rules Committee reported resolution for consideration of H. R. 7500. H. Res. 273, H. Report No. 449, Volume I, resolution and report.

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Senate committee voted to report S. 1451 with amendments.
June 16, 1959 House concluded general debate on H. R. 7500.
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- Mar. 13, 1959 House received President's proposed mutual security program for 1959. H. Dec. 97. Print of document.
- Mar. 16, 1959 Senate received President's proposed program.
- Mar. 18, 1959 S. 1451 was introduced and discussed by Sen. Fulbright and was referred to the Senate Foreign Relations Committee. Print of bill as introduced and remarks of Sen. Fulbright.
- June 1, 1959 Sen. Mansfield discussed his proposed amendments to S. 1451.
- June 2, 1959 H. R. 7500 was introduced by Rep. Morgan and was referred to the House Foreign Affairs Committee. Print of bill as introduced.
- June 3, 1959 House committee voted to report H. R. 7500.
- June 5, 1959 House committee reported H. R. 7500 without amendment H. Report No. 440. Print of bill and report.
- June 10, 1959 Rules Committee reported resolution for consideration of H. R. 7500. H. Res. 293, H. Report No. 526. Print of resolution and report.
- June 11, 1959 Summary of H. R. 7500 as reported by House Foreign Affairs Committee.
- June 15, 1959 House began debate on H. R. 7500.
- House Government Operations Committee submitted report on aid operations in Laos. H. Report No. 546. Print of report.
- Senate committee voted to report S. 1451 with amendments.
- June 16, 1959 House concluded general debate on H. R. 7500.
- June 17, 1959 House continued debate on H. R. 7500.
- June 18, 1959 House passed H. R. 7500 with amendments.
- June 22, 1959 H. R. 7500 was placed on Senate calendar.
- Senate committee reported S. 1451 with amendment. S. Report No. 412. Print of bill and report.
- Print of H. R. 7500 as passed by House and placed on Senate calendar.

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June 1, 1959	Sen. Mansfield discussed his proposed amendments to S. 1451.
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- July 1, 1959 Senate continued debate on S. 11451.
- July 2, 1959 Senate continued debate on S. 11451.
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- July 7, 1959 Senate continued debate on S. 11451.
- July 8, 1959 Senate passed H. R. 7500 with amendments in lieu of S. 11451. Print of H. R. 7500 as passed by Senate.
Senate conferees were appointed.
S. 11451 laid on the table due to the passage of H. R. 7500.
- July 13, 1959 House conferees were appointed on H. R. 7500.
- July 17, 1959 Conferees agreed to file a report.
- July 21, 1959 House received conference report on H. R. 7500. H. Report No. 695. Print of report.
- July 22, 1959 Both Houses agreed to the conference report on H. R. 7500.
- July 24, 1959 Approved: Public Law 86-108.
Statement by the President.

Hearings: House Foreign Affairs Committee, Misc. Hearing:
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July 1, 1959 Senate continued debate on S. 1451.

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July 6, 1959 Senate continued debate on S. 1451.

July 7, 1959 Senate continued debate on S. 1451.

July 8, 1959 Senate passed H. R. 7500 with amendments in lieu of S. 1451. Print of H. R. 7500 as passed by Senate.

Senate conferees were appointed.

S. 1451 laid on the table due to the passage of H. R. 7500.

July 13, 1959 House conferees were appointed on H. R. 7500.

July 17, 1959 Conferees agreed to file a report.

July 21, 1959 House received conference report on H. R. 7500. H. Report No. 692. Print of report.

July 22, 1959 Both Houses agreed to the conference report on H. R. 7500.

July 24, 1959 Approved: Public Law 86-108.

Statement by the President.

Hearings: House Foreign Affairs Committee, Misc. Hearings: Mutual Security Act of 1959, Parts I - 8.

Senate Foreign Relations Committee on S. 1451, Parts I and 2.

DIGEST OF PUBLIC LAW 86-108

MUTUAL SECURITY ACT OF 1959. Requires that at least \$175,000,000 of mutual security funds be used to finance the sale for foreign currencies or the grant of surplus agricultural commodities. Provides that surplus commodities or products thereof made available for transfer under this Act (or any other Act) as a grant or as a sale for foreign currencies may also be made available to the maximum extent practicable for domestic relief in the U. S. Authorizes \$2,300,000 for ocean freight to move supplies donated to and by American voluntary agencies. Includes "research" as an activity for which foreign currencies may be used overseas under Sec. 104(k) of Public Law 480. Authorizes \$211,000,000 for technical cooperation programs.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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HIGHLIGHTS: House received President's message on extension of mutual security program. Senate committee ordered reported bill to authorize leasing of cotton acreage allotments. House committee reported D. C. appropriation bill.

HOUSE

1. FOREIGN AID. Received from the President his proposed mutual security program for 1959 (H. Doc. 97); to Foreign Affairs Committee. pp. 3661-5
2. CROP INSURANCE. The Agriculture Committee reported with amendment H. R. 306, to amend the Federal Crop Insurance Act so as to permit elimination from the program of crops which constitute only a small part of total income in a county (H. Rept. 210). p. 3745
3. APPROPRIATIONS. The Appropriations Committee reported without amendment H. R. 5686, the District of Columbia appropriation bill for 1960 (H. Rept. 211). p. 3745
4. UNEMPLOYMENT COMPENSATION. The Ways and Means Committee reported without amendment H. R. 5640, to extend the temporary unemployment compensation program (H. Rept. 212). p. 3745

5. ORANGES. Passed, 213 to 94, ^{S. 79,} without amendment to permit continuation of the coloring of oranges. This bill will now be sent to the President. pp. 3704-16
6. PRICE SUPPORTS. Rep. Jones, Mo., defended price supports for farmers and referred to Government subsidies to the shipping industry. pp. 3665-6
Rep. Byrnes, Wisc., expressed his approval of "the announcement of the Secretary of Agriculture yesterday that current dollar support prices for manufacturing milk and butterfat will be continued through the marketing year which begins on April 1." p. 3666
7. AREA REDEVELOPMENT. Rep. Flood discussed the unemployment situation, urged the enactment of area redevelopment legislation, and inserted a compilation, "Area Redevelopment Fact Sheet No. 34 -- Comparative Impact of H. R. 3466 and H. R. 4264 (The Administration Bill) on Major Labor Market Areas in the United States. pp. 3720-1
8. MILK STANDARDS. Rep. Johnson, Wisc., urged the enactment of legislation to establish national milk sanitation standards, and inserted an article and a copy of the milk marketing order for the D. C. area. pp. 3726-43
9. FOREIGN CURRENCIES. Received from the Agriculture Committee a report on the use of foreign currencies for the Tobacco Subcommittee. p. 3744
10. GOVERNMENT CORPORATIONS. Received from the Budget Bureau a proposed bill "To amend the Government Corporation Control Act, as amended"; to Government Operations Committee. p. 3744
11. ELECTRIFICATION. Received from the Federal Power Commission several statistical reports relating to electric utilities. p. 3744
Received from TVA a report, "A Program for Reducing the National Flood Damage Potential." p. 3744
12. LEGISLATIVE PROGRAM. Rep. McCormack announced the following legislative program: Mon.: Consent Calendar, to be followed by H. R. 5640, extension of the temporary unemployment compensation program; H. R. 519, expansion of the depository library program; and H. R. 5676, D. C. appropriation bill; Thurs: Treasury-Post Office appropriation bill. He announced that the Easter Recess "will begin at the close of business on March 26 and will run until Tuesday, April 7." pp. 3703-4
13. ADJOURNED until Mon., Mar. 16. p. 3744

SENATE

14. COTTON. The Agriculture and Forestry Committee ordered reported an original bill authorizing the leasing of cotton acreage allotments during the crop years of 1959 through 1961. p. D160

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15. STATEHOOD. Speeches in the House by several Representatives favoring statehood for Hawaii. pp. A2148, A2157, A2165-5, A2169-70, A2184
16. AREA REDEVELOPMENT. Rep. Griffiths inserted an editorial endorsing urban renewal and area redevelopment legislation. p. A2149

MUTUAL SECURITY PROGRAM

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RELATIVE TO

THE MUTUAL SECURITY PROGRAM

MARCH 13, 1959.—Referred to the Committee on Foreign Affairs and ordered to be printed

To the Congress of the United States:

A year ago, in concluding my message to the Congress on the mutual security program, I described it as of transcendent importance to the security of the United States. I said that our expenditures for mutual security are fully as important to our national defense as expenditures for our own forces. I stated my conviction that for the safety of our families, the future of our children, and our continued existence as a Nation, we cannot afford to slacken our support of the mutual security program.

The events of the intervening year have vividly demonstrated the truth of these statements. In this 1 year there have been crises of serious proportions in the Middle East, in the Far East, and in Europe. In each of these the strength built by our mutual security program has been of immeasurable value.

At the time of the difficulty in Lebanon the uneasy balance of the Middle East would have been far more seriously endangered if it had not been for the stability of other Middle Eastern countries which our mutual security program had helped build. Without our mutual security aid, Jordan, under severe pressures, would have faced collapse, with the danger of flaring conflict over her territory.

In the Far East the firm stand of the Republic of China against the Communist attack on Quemoy would not have been possible

without the arms and training furnished by our mutual security program and by the high morale promoted by the economic progress we have helped forward on Taiwan. This successful local defense blunted an aggression which otherwise could have precipitated a major conflict.

In Europe today the Soviet Union has made demands regarding the future of Berlin which, if unmodified, could have perilous consequences. The resoluteness with which we and our allies will meet this issue has come about in large measure because our past programs of economic and military assistance to our NATO allies have aided them in strengthening the economies and the military power needed to stand firm in the face of threats.

While our mutual security program has demonstrated a high value in these tense moments, its military and economic assistance to other areas has undoubtedly had an equal value in maintaining order and progress so that crises have not arisen.

REALITIES OF 1959 AND AHEAD

I believe that these events of the past year and the stern, indeed harsh, realities of the world of today and the years ahead demonstrate the importance of the mutual security program to the security of the United States. I think four such realities stand out.

First, the United States and the entire free world are confronted by the military might of the Soviet Union, Communist China, and their satellites. These nations of the Communist bloc now maintain well-equipped standing armies totaling more than 6,500,000 men formed in some 400 divisions. They are deployed along the borders of our allies and friends from the northern shores of Europe to the Mediterranean Sea, around through the Middle East and Far East to Korea. These forces are backed by an air fleet of 25,000 planes in operational units, and many more not in such units. They, in turn, are supported by nuclear weapons and missiles. On the seas around this land mass is a large navy with several hundred submarines.

Second, the world is in a great epoch of seething change. Within little more than a decade a worldwide political revolution has swept whole nations—21 of them—with three-quarters of a billion people, a fourth of the world's population, from colonial status to independence—and others are pressing just behind. The industrial revolution, with its sharp rise in living standards, was accompanied by much turmoil in the Western World. A similar movement is now beginning to sweep Africa, Asia, and South America. A newer and even more striking revolution in medicine, nutrition, and sanitation is increasing the energies and lengthening the lives of people in the most remote areas. As a result of lowered infant mortality, longer lives, and the accelerating conquest of famine, there is underway a population explosion so incredibly great that in little more than another generation the population of the world is expected to double. Asia alone is expected to have 1 billion more people than the entire world has today. Throughout vast areas there is a surging social upheaval in which, overnight, the responsibilities of self-government are being undertaken by hundreds of millions; women are assuming new places in public life; old family patterns are being destroyed and new ones uneasily established. In the early years of independence, the people of the new nations are fired with a zealous nationalism which, unless

channeled toward productive purposes, could lead to harmful developments. Transcending all this there is the accompanying universal determination to achieve a better life.

Third, there is loose in the world a fanatic conspiracy, international communism, whose leaders have in two score years seized control of all or parts of 17 countries, with nearly 1 billion people, over a third of the total population of the earth. The center of this conspiracy, Soviet Russia, has by the grimmest determination and harshest of means raised itself to be the second military and economic power in the world today. Its leaders never lose the opportunity to declare their determination to become the first with all possible speed.

The other great Communist power, Red China, is now in the early stages of its social and economic revolution. Its leaders are showing the same ruthless drive for power and to this end are striving for ever increasing economic output. They seem not to care that the results—which thus far have been considerable in materialistic terms—are built upon the crushed spirits and the broken bodies of their people.

The fact that the Soviet Union has just come through a great revolutionary process to a position of enormous power, and that the world's most populous nation, China, is in the course of tremendous change at the very time when so large a part of the free world is in the flux of revolutionary movements, provides communism with what it sees as its golden opportunity. By the same token freedom is faced with difficulties of unprecedented scope and severity—and opportunity as well.

Communism exploits the opportunity to intensify world unrest by every possible means. At the same time communism masquerades as the pattern of progress, as the path to economic equality, as the way to freedom from what it calls "western imperialism," as the wave of the future.

For the free world there is the challenge to convince a billion people in the less developed areas that there is a way of life by which they can have bread *and* the ballot, a better livelihood *and* the right to choose the means of their livelihood, social change *and* social justice—in short, progress *and* liberty. The dignity of man is at stake.

Communism is determined to win this contest; freedom must be just as dedicated or the struggle could finally go against us. Though no shot would have been fired, freedom and democracy would have lost.

This battle is now joined. The next decade will forecast its outcome. The fourth reality is that the military position and economic prosperity of the United States are interdependent with those of the rest of the free world.

As I shall outline more fully below, our military strategy is part of a common defense effort involving many nations. The defense of the free world is strengthened and progress toward a more stable peace is advanced by the fact that powerful free world forces are established on territory adjoining the areas of Communist power. The deterrent power of our Air and Naval Forces and our intermediate range missiles is materially increased by the availability of bases in friendly countries abroad.

Moreover, the military strength of our country and the needs of our industry cannot be supplied from our own resources. Such basic necessities as iron ore, bauxite for aluminum, manganese, natural rubber, tin, and many other materials acutely important to our mili-

tary and industrial strength are either not produced in our own country or are not produced in sufficient quantities to meet our needs. This is an additional reason why we must help to remain free the nations which supply these resources.

* * *

The challenge that confronts us is broad and deep, and will remain so for some time. Yet our gravest danger is not in these external facts but within ourselves—the possibility that in complacent satisfaction with our present wealth and preoccupation with increasing our own military power we may fail to recognize the realities around us and to deal with them with the vigor and tenacity their gravity requires.

We have the national capacity and the national program to surmount these dangers and many more. We have the strength of our free institutions, the productivity of our free economy, the power of our military forces, a foreign policy dedicated to freedom and respect for the rights of others, and the collective strength of our worldwide system of alliances.

The effectiveness of all these in meeting the challenge confronting us is multiplied by our mutual security program—a powerful and indispensable tool in dealing with the realities of the 2d half of the 20th century.

I should like to outline how the principal elements of this program will serve the vital interests of our country in fiscal year 1960.

THE MUTUAL SECURITY PROGRAM FOR FISCAL YEAR 1960

The mutual security program which I propose for fiscal year 1960 is in the same pattern and has the same component parts as the program which the Congress enacted at the last session. To carry forward this program I ask \$3,929,995,000.

I ask these funds to attain the two basic objectives of the mutual security program: military security and economic and political stability and progress.

THE MILITARY SHIELD

In view of the maintenance by the Communists of armed force far beyond necessary levels and the repeated evidences of willingness to use a portion of that force where the Communist leaders believe it would be a successful means to a Communist end, it is rudimentary good sense for the peoples of the free nations to create and maintain deterrent military strength. We do this not through choice but necessity. It is not in our nature to wish to spend our substance on weapons. We would like to see these outlays shifted to the economic benefit of our own Nation and our friends abroad striving for economic progress.

Because the need for military strength continues, we seek to build this strength where it can most effectively be developed, deploy it where it can most effectively be used and share the burden of its cost on as fair a basis as possible. To this end, we and over 40 other nations have joined together in a series of security pacts. Some of our allies and close friends have joined in other supporting agreements. We have also made certain individual undertakings such as the Middle East resolution.

Each of the free nations joined in this worldwide system of collective security contributes to the common defense in two ways: through

the creation and maintenance of its individual forces; through the support of the collective effort.

For our own military forces, which form a major element in the total security pattern, I have asked the Congress to make available \$40.85 billion, to which must be added approximately \$2.8 billion for atomic programs, largely for defense purposes. For our contribution of military materiel and training assistance to the collective security effort, I now ask the Congress to make available \$1.6 billion. This amount is far below that needed for our share of the cost of improving, or even providing essential maintenance for the forces of our allies. It is a minimum figure necessary to prevent serious deterioration of our collective defense system.

These two requests, one for our own defense forces, the other for our share in supporting the collective system, are but two elements in a *single* defense effort. Each is essential in the plans of the Joint Chiefs of Staff for our national security. Each is recommended to you by the same Joint Chiefs, the same Secretary of Defense, and the same Commander in Chief.

Dollar for dollar, our expenditures for the mutual security program, after we have once achieved a reasonable military posture for ourselves, will buy more security than far greater additional expenditures for our own forces.

Two fundamental purposes of our collective defense effort are to prevent general war and to deter Communist local aggression.

We know the enormous and growing Communist potential to launch a war of nuclear destruction and their willingness to use this power as a threat to the free world. We know also that even local aggressions, unless checked, could absorb nation after nation into the Communist orbit—or could flame into world war.

The protection of the free world against the threat or the reality of Soviet nuclear aggression or local attack rests on the common defense effort established under our collective security agreements. The protective power of our Strategic Air Command and our naval air units is assured even greater strength not only by the availability of bases abroad but also by the early warning facilities, the defensive installations, and the logistic support installations maintained on the soil of these and other allies and friends for our common protection.

The strategy of general defense is made stronger and of local defense is made possible by the powerful defensive forces which our allies in Europe, in the Middle East, and the Far East have raised and maintain on the soil of their homelands, on the borders of the Communist world.

These military forces, these essential bases and facilities constitute invaluable contributions of our partners to our common defense. On our part we contribute through our military assistance program certain basic military equipment and advanced weapons they need to make their own military effort fully effective but which they cannot produce or afford to purchase.

As we move into the age of missile weapons, this plan of collective security will grow in importance. Already intermediate range ballistic missiles are being deployed abroad. Our friends on whose territory these weapons are located must have the continued assurance of our help to their own forces and defense in order that they may continue to have the confidence and high morale essential to vigorous participation in the common defense effort.

The funds I now ask for military assistance are to supply to these partners in defense essential conventional weapons and ammunition for their forces and the highly complex electronic equipment, missiles, and other advanced weapons needed to make their role in the common defense effective.

As already pointed out, these funds are asked on a minimal basis. Continuation of a sufficient flow of materials and of sufficient training for the year can be attained only by some additional cannibalizing of the pipeline, already reduced to a point where flexibility is difficult.

To summarize, through the mutual security program our friends among the free-world nations make available to us for the use of our forces some 250 bases in the most strategic locations, many of them of vital importance. They support ground forces totaling more than 5 million men stationed at points where danger of local aggression is most acute, based on their own soil and prepared to defend their own homes. They man air forces of about 30,000 aircraft, of which nearly 14,000 are jets, 23 times the jet strength of 1950 when the program started. They also have naval forces totaling 2,500 combat vessels with some 1,700 in active fleets or their supporting activities.

Over the years of our combined effort, these allies and friends have spent on these forces some \$141 billion, more than six times the \$22 billion we have contributed in military assistance. During calendar year 1958 they contributed \$19 billion of their own funds to the support of these forces. On our part we have created and maintain powerful mobile forces which can be concentrated in support of allied forces in the most distant parts of the world. We know it would be impossible for us to raise and maintain forces of equal strength and with the immeasurable value of strategic location. Without the strength of our allies our Nation would be turned into an armed camp and our people subjected to a heavy draft and an annual cost of many billions of dollars above our present military budget.

Because the military assistance program is a vital part of our total defense, and to be certain that it serves its intended purpose fully and effectively, I have appointed a bipartisan committee of prominent Americans of the highest competence to examine this program and its operation thoroughly. I have asked them to make a report of their findings on the program, including its proper balance with economic assistance. Since its formation in late November of last year, the Committee has been vigorously pursuing its study, including personal visits to all major areas where military assistance is being rendered. The Committee has already indicated to me that it will recommend an increase in the level of commitments for vital elements of the military assistance program, primarily for the provision of weapons to the NATO area. I expect to receive its written interim report shortly. I will, of course, give this report my most careful attention and will then make such further recommendations as are appropriate.

MAINTAINING ECONOMIC STABILITY

While our own and our allies' military efforts provide a shield for freedom, the economic phases of our mutual security program provide the means for strengthening the stability and cohesion of free nations, limiting opportunities for Communist subversion and penetration, supporting economic growth and free political institutions in the

newly independent countries, stimulating trade and assuring our own Nation and our allies of continuing access to essential resources.

Two of these programs, defense support and special assistance, are specifically directed toward helping maintain order, stability, and, in certain countries, economic progress, where these are of material importance to the welfare of the United States itself.

Defense support.—For most of our allies and friends the cost of the share which they bear of the common defense effort constitutes a heavy burden on their economies. Our NATO allies in Western Europe bear this entire economic burden themselves, receiving from us only advanced weapons and other essential items of military equipment and certain training. But for others the burden of defense vastly exceeds their limited resources. They therefore are forced to turn to us for economic help in maintaining political and economic stability.

We supply this assistance through our defense support program to 12 nations, in which we are helping to arm large military forces. Eleven of these nations—Greece, Turkey, Iran, Pakistan, Thailand, Laos, Cambodia, Vietnam, the Philippines, the Republics of China, and Korea—lie along or are narrowly separated from the very boundaries of the Sino-Soviet bloc, subjected daily to the pressures of its enormous power. Several of them are also the sites of major U.S. military installations. The 12th, Spain, is the strategically located site of other bases used by the United States. Together these 12 nations are supporting 3 million armed forces—nearly one-half of the total forces of the free world.

Despite their proximity to Communist forces, most of these nations have pledged themselves to the worldwide collective defense plan. Greece and Turkey are among our NATO allies. Pakistan, Thailand, and the Philippines are among our SEATO allies and Cambodia, Laos, and Vietnam are protected through SEATO. Turkey, Iran, and Pakistan are active members of the Baghdad Pact which forms a connecting link of free-world defenses between NATO and SEATO. Korea, the Republic of China, and the Philippines are joined with us in special mutual defense agreements.

For defense support, to make possible the needed contributions of these 12 nations to the common defense, I ask \$835 million. I ask the Congress to recognize these economic needs of our partners and to provide the full amount I request.

Over two-thirds of this sum will be used for Turkey, Vietnam, Taiwan, and Korea. These courageous and strategically located nations—three of them the free areas of divided nations—are directly faced by heavy concentrations of Communist military power. Together they contribute nearly 2 million armed forces in the very front lines of the free world's defenses. These nations depend for survival on our defense support program. The remaining third of the funds will be for the eight other nations which rely on this help to enable them to make their valuable contributions to the common defense without serious harm to their economies.

These nations are contributing heavily to the defense effort in keeping with their abilities. Reducing the defense support we provide them will compel a reduction in the forces we wish them to maintain in our common defense or place a heavy additional burden on the already low standards of living of their people.

Special assistance.—There are a number of other nations and areas of the world whose need is so great and whose freedom and stability

are so important to us that special assistance to them is essential. In North Africa, for example, the newly independent Arab nation, Tunisia, is struggling to improve the economic and social conditions of its people while under strong external pressures. Its neighbors, Morocco and Libya, are also striving to build economic progress upon their newly acquired political independence. Another new nation, the Sudan, is an important link between the Arab world and rapidly growing Central Africa, and is intently working to maintain its independent course of progress in the face of strong Communist and other outside pressures. These nations are all new outposts of freedom in whose success we are deeply interested.

During the last year, as I have mentioned, Jordan has been subjected to severe pressures. Should Jordan be overwhelmed, the peace and stability of the Middle East would be endangered. But with its very limited internal resources, Jordan desperately needs continued substantial outside help.

West Berlin is a solitary outpost of freedom back of the Iron Curtain. In addition to the firm support which we and our NATO allies have assured West Berlin in the face of current Soviet threats, it is important that we show our support of its people by continuing our economic assistance to the beleaguered city.

Programs for health.—I have on several occasions during the recent past sought to focus public attention on the great opportunity open to the United States in the field of health. The United States will continue to support and promote the accelerating international fight against disease in the coming fiscal year. The great campaign to eradicate the world's foremost scourge—malaria—is moving into its peak period of activity and need for special assistance funds. Of more than a billion people formerly exposed to the disease, half have now been protected and the movement is gaining strength and momentum as a true international effort. The substantial progress of this campaign as well as modern medical potential generally have opened new vistas of the conquest of mass disease through pooling of efforts.

I ask the Congress to make available funds to continue the program for development of medical-research programs begun last year by the World Health Organization with the help of a grant from the United States. I also propose that the United States explore whether practical and feasible means can be found whereby progress can be made toward equipping those nations whose needs are greatest to provide, in a reasonable time, pure drinking water for their people as a method of attack on widespread waterborne diseases.

Added to the health programs now being carried on by our bilateral programs and through our voluntary contributions to the United Nations, these new programs will raise the health activities proposed for fiscal year 1960 under the mutual security program to a total value of some \$84 million, exclusive of loans by the Development Loan Fund in this field. The total effort of the United States in the field of international health, including among other activities those conducted by the Department of Health, Education, and Welfare, will approximate \$100 million.

* * *

For the nations I have mentioned and several others, for West Berlin, for such programs as those for health, for support to certain of our American-sponsored schools abroad and for our contribution to

the United Nations Emergency Force I ask \$272 million in special assistance funds. I believe that the close examination which I expect the Congress to give each of these special needs will show that this request is conservative.

AIDING ECONOMIC PROGRESS

■ The request for funds for defense support and special assistance which I have outlined thus far are directed primarily at maintaining political and economic stability. But in our dynamic world of multiple revolutions this is far from enough.

In many nations of Asia and Africa per capita incomes average less than \$100 a year. Life expectancies are half those of the more advanced nations. Literacy averages 25 percent. Affected by the revolutionary drives which are sweeping their regions, the peoples of the areas will tolerate these conditions no longer, and they should not. They are intently determined to progress, and they deserve to do so. If they cannot move forward, there will be retrogression and chaos, the injurious effects of which will reach our own shores. These newly independent peoples look to their present generally moderate governments for leadership to progress. If they do not find it, they will seek other leadership, possibly extremists, whose advent to power would not only endanger the liberties of their own people but could adversely affect others, including ourselves.

Above all, these people must have hope that they can achieve their economic goals in freedom, with free institutions and through a working partnership with other citizens of the free world.

The leaders of the Soviet Union and Communist China are intently aware of the great revolutionary surges in these less-developed areas, many of which are on the borders of the Communist bloc. Seeing in these new trends a historic opportunity, they have reversed their attitude of hostility to all nations not under their direct control. Five years ago they entered on a great diplomatic and economic campaign of wooing the new nations of Asia and Africa, even attempting to push their drive into Latin America. I reported on this campaign of trade and aid in my message to the Congress last year. It has increased in intensity in the intervening time. Communist bloc military and economic credits to 17 selected nations exceeded a billion dollars in 1958 alone, bringing the present total to \$2.4 billion. The number of technicians supplied to 17 countries of Asia and Africa rose from 1,600 in 1957 to 2,800 in 1958.

Our own programs of technical cooperation and capital assistance are not mere responses to Communist initiatives. The reverse is true. This year will mark the 10th anniversary of our point 4 program. Capital assistance for development has been flowing to nations needing our help for many years. Even if the Communist bloc should revert tomorrow to its previous icy treatment of all free peoples, we would continue the warmth of our interest in and help to their determined efforts to progress.

Nevertheless, it is imperative that we understand the real menace of the Communist economic offensive. The great contest in half the globe, the struggle of a third of the world's people, is to prove that man can raise his standard of living and still remain free—master of his individual destiny and free to choose those who lead

his government. The Communist economic offensive presents the grave danger that a free nation might develop a dependence on the Communist bloc from which it could not extricate itself. This must not happen. We and other nations of the free world must provide assurance that no nation will be compelled to choose between bread and freedom.

The United States is determined to do its part in providing this assurance. For this purpose, in addition to channels of private investment and existing financing institutions, we have created two carefully designed instruments of national policy: the technical cooperation program and the Development Loan Fund.

Technical cooperation.—To carry on our technical cooperation program some 6,000 skilled American men and women are now working in 49 countries and 9 dependent territories which have asked our help. They are advising high officials on problems of administering new governments. They are helping farmers raise their incomes by teaching them better methods of cultivation, irrigation, and fertilization and by introducing more productive seeds, poultry, and livestock. They are planning with local scientists for uses of atomic power and isotopes. They are attacking disfiguring and debilitating diseases and helping to increase the health and vigor of untold millions. They are helping to organize the educational systems which will bring literacy and the knowledge which is the power for progress.

In order to transfer our modern technical knowledge even more effectively, we will bring next year over 10,000 of the rising leaders of the less developed areas to study in the United States or in specially developed training programs in other countries.

To provide for the work of our technicians abroad and for these training programs I ask \$179.5 million for fiscal year 1960. The increase in this sum over the current year is to expand programs recently begun in the newly independent and emerging countries of Africa, to intensify activity in Asian nations, and to augment substantially cooperative programs with countries of Latin America.

I also ask \$30 million to be available for our contribution to the companion technical cooperation and special projects programs of the United Nations, initiated by our own Government. I anticipate that increasing contributions by other members in the year 1960 will call for this increased contribution on our part.

As in recent years, I believe we should continue our annual contribution of \$1.5 million to the technical cooperation program of the Organization of American States.

The Development Loan Fund.—Administrative and technical skills, though essential to economic growth, cannot of themselves make possible the rate of progress demanded of their governments by the peoples of the newly independent nations. For this progress they must have capital—capital for the roads, telecommunications, harbors, irrigation, and electric power which are the substructure of economic progress and for the steel mills, fertilizer plants, and other industries which are fundamental to general economic growth.

Just as in the early decades of our own national development we depended upon the more highly developed nations of that period—England, France, and others—for capital essential to our growth, so do the new nations of this era depend on us and others whose economies are well established.

Two years ago the Congress, the executive branch, and several distinguished private organizations reexamined the needs of the newly independent nations for outside development capital and of the then existing sources. The independent but unanimous conclusion of these studies was that existing sources were and for the foreseeable future would be inadequate to meet even the most pressing needs. They recommended that there be established a new institution to provide long-term credits on flexible terms.

In the light of these findings, I recommended to the Congress and it established the Development Loan Fund, an agency of the U.S. Government especially designed to advance loans on a businesslike basis for sound projects which cannot find financing from private or established governmental sources.

The Development Loan Fund in its little more than a year of active operation has established the sound and useful position that was foreseen for it. In this short time it has taken under consideration \$2.8 billion in screened requests for loans. It has later determined that some \$600 million were unacceptable or more appropriate for private or other public financing. Of its total capital of \$700 million thus far made available by the Congress, it had by mid-February 1959 committed \$684 million for loans to projects in 35 countries. For all practical purposes it is now out of funds for further loan commitments and has before it applications totaling over \$1.5 billion with more being received almost daily.

In order that the Fund may continue to meet the most urgent needs of the nations depending on us, I have asked the Congress for a supplemental appropriation of \$225 million to be available in the fiscal year 1959. This appropriation is under authorizations previously made but not used.

When I made my original recommendation to the Congress in 1957 for the establishment of the Development Loan Fund I urged that it be provided with capital for 3 years of operation, and stated that based on observation of its progress within that period I would ask for longer term capitalization commencing in fiscal year 1961. The Congress chose to authorize capital initially for 2 years of operation. I now ask that the Congress authorize and appropriate \$700 million to become available in fiscal year 1960, the third year of the Fund. This sum will allow the Fund a level of activity no higher than it established in its first year of operation.

Consideration should continue to be given to capitalization procedures that will allow better long-range planning.

Private investment.—These governmental programs of technical cooperation and capital financing of course only augment the investment in progress which comes from private sources. But they are indispensable and probably will be for a number of years because private investment, though very significant in the Western Hemisphere, does not and cannot in the near future be expected to supply more than a fraction of the capital needed by the new nations of Asia and Africa.

In order to encourage increased private investment in these areas, our Government has already undertaken a system of guarantees against loss from nonconvertibility of foreign currency receipts and from expropriation, confiscation, and war. To further stimulate such investment, I now request that legislation be enacted to allow similar guarantees against risks of revolution, insurrection, and related civil

strife. I propose also that the Congress double the availability of such guarantees.

CONTINGENCY FUND AND OTHER PROGRAMS

The experience of this year has shown, as in the past, that there will arise each year contingencies for which funds will be urgently needed, but which cannot be foreseen at all or with sufficient clarity to program in advance. For the current year I asked \$200 million for such eventualities. Heavy demands, arising from the crises in the Middle East and from needs elsewhere, have already been made on the \$155 million appropriated—with several months of the fiscal year remaining. I still believe that \$200 million is the smallest sum which safety and prudence recommend, and I ask that this sum be provided for fiscal year 1960.

I recommend that we continue our support of the United Nations Children's Fund, our help in the resettlement of refugees from communism, our program of atoms for peace, and certain other small programs we are now engaged in. The International Cooperation Administration will need an increase in its administrative funds, particularly to help obtain more persons of high qualifications for service abroad and to strengthen our representation at key posts in Africa and Latin America. For all these purposes I ask \$112 million.

SOME FISCAL CONSIDERATIONS

The total sum I request for the mutual security program for fiscal year 1960, \$3,929,995,000 is slightly less than I asked last year. Each category and item in it has been weighed in terms of the contribution it will make to the achievement of the important objectives the program is designed to serve. The total amount is well under 1 percent of the gross national product our country will enjoy in the coming year. It is approximately 5 percent of our national budget. The greatest part will go for military equipment to our allies and for economic support directly related to defense. The remainder, for aid to the economic growth we are most anxious to promote, amounts to less than 2 percent of our national budget, under one-third of 1 percent of our national production. At the end of the present fiscal year the military assistance pipeline will be at the lowest level in its history and will be further reduced by next year's expenditure which will substantially exceed the new appropriation I am now asking. The economic assistance pipeline will, as in recent years, be barely enough to keep the program flowing without serious interruption.

The true measure of this national security program is what we have gotten and will get for our expenditures and what the cost would be without it. Over the years we have received returns many times the value of our investment.

Our first great work, the Marshall plan, cost less than projected, ended on time, and revived Western Europe from the destruction of the war to a group of thriving nations, now among our best customers and strongest allies, many of whom are now joining with us in assistance to the newly independent nations.

Our military and economic aid has been indispensable to the survival and gradual progress of nation after nation around the perimeter of Asia from Greece to Korea and others in Africa and our own hemi-

sphere. When I hear this program described as a "giveaway" or "aid to foreigners at the expense of domestic programs," I wonder what sort of America we would have today—whether any funds would be available for any domestic programs—whether all of our substance would not today be devoted to building a fortress America—if we had not had such a program: if the key nations of Europe had been allowed to succumb to communism after the war, if the insurrectionists had been allowed to take over Greece, if Turkey had been left to stand alone before Soviet threats, if Iran had been allowed to collapse, if Vietnam, Laos, and Cambodia were now in Communist hands, if the Huks had taken control in the Philippines, if the Republic of Korea were now occupied by Communist China.

That none of these tragedies occurred, that all of these nations are still among the free, that we are not a beleaguered people is due in substantial measure to the mutual security program.

CONCLUSION

The realities of this era indicate all too clearly that the course of our country will be deeply affected by forces at work outside our borders. These forces if left to exploitation by extremists will inevitably lead to changes destructive to us. Yet with wisdom and tenacity it lies within our power to frustrate or to shape these forces so that the peoples directly concerned and our own Nation may be benefited.

We cannot safely confine Government programs to our own domestic progress and our own military power. We could be the wealthiest and the most mighty Nation and still lose the battle of the world if we do not help our world neighbors protect their freedom and advance their social and economic progress. It is not the goal of the American people that the United States should be the richest Nation in the graveyard of history.

In the world as it is today—and as it will be for the foreseeable future—our mutual security program is and will be both essential to our survival and important to our prosperity. It not only rests upon our deepest self-interest but springs from the idealism of the American people which is the true foundation of their greatness. If we are wise we will consider it not as a cost but as an investment—an investment in our present safety, in our future strength and growth, and in the growth of freedom throughout the world.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *March 13, 1959.*



GOVERNMENT PROGRAMS IN INTERNATIONAL EDUCATION

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 175 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there be printed with certain minor editorial, grammatical, and typographical changes, two thousand five hundred additional copies for the use of the Committee on Government Operations of House Report Numbered 2712, Eighty-fifth Congress, entitled "Government Programs in International Education."

The resolution was agreed to.

A motion to reconsider was laid on the table.

MUTUAL SECURITY PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97)

The SPEAKER laid before the House the following message from the President of the United States, which was read, referred to the Committee on Foreign Affairs, and ordered to be printed:

To the Congress of the United States:

A year ago in concluding my message to the Congress on the mutual security program I described it as of transcendent importance to the security of the United States. I said that our expenditures for mutual security are fully as important to our national defense as expenditures for our own forces. I stated my conviction that for the safety of our families, the future of our children, and our continued existence as a nation, we cannot afford to slacken our support of the mutual security program.

The events of the intervening year have vividly demonstrated the truth of these statements. In this 1 year there have been crises of serious proportions in the Middle East, in the Far East, and in Europe. In each of these the strength built by our mutual security program has been of immeasurable value.

At the time of the difficulty in Lebanon the uneasy balance of the Middle East would have been far more seriously endangered if it had not been for the stability of other Middle Eastern countries which our mutual security program had helped build. Without our mutual security aid, Jordan, under severe pressures, would have faced collapse, with the danger of flaring conflict over her territory.

In the Far East, the firm stand of the Republic of China against the Communist attack on Quemoy would not have been possible without the arms and training furnished by our mutual security program and by the high morale promoted by the economic progress we have helped forward on Taiwan. This successful local defense blunted an aggression which otherwise could have precipitated a major conflict.

In Europe today the Soviet Union has made demands regarding the future of

Berlin which, if unmodified, could have perilous consequences. The resoluteness with which we and our allies will meet this issue has come about in large measure because our past programs of economic and military assistance to our NATO allies have aided them in strengthening the economies and the military power needed to stand firm in the face of threats.

While our mutual security program has demonstrated a high value in these tense moments, its military and economic assistance to other areas has undoubtedly had an equal value in maintaining order and progress so that crises have not arisen.

REALITIES OF 1959 AND AHEAD

I believe that these events of the past year and the stern, indeed harsh, realities of the world of today and the years ahead demonstrate the importance of the mutual security program to the security of the United States. I think four such realities stand out.

First, the United States and the entire free world are confronted by the military might of the Soviet Union, Communist China, and their satellites. These nations of the Communist bloc now maintain well-equipped standing armies totaling more than 6,500,000 men formed in some 400 divisions. They are deployed along the borders of our allies and friends from the northern shores of Europe to the Mediterranean Sea, around through the Middle East and Far East to Korea. These forces are backed by an air fleet of 25,000 planes in operational units, and many more not in such units. They, in turn, are supported by nuclear weapons and missiles. On the seas around this land mass is a large navy with several hundred submarines.

Second, the world is in a great epoch of seething change. Within little more than a decade a worldwide political revolution has swept whole nations—21 of them—with three-quarters of a billion people, a fourth of the world's population, from colonial status to independence—and others are pressing just behind. The industrial revolution, with its sharp rise in living standards, was accompanied by much turmoil in the Western World. A similar movement is now beginning to sweep Africa, Asia, and South America. A newer and even more striking revolution in medicine, nutrition, and sanitation is increasing the energies and lengthening the lives of people in the most remote areas. As a result of lowered infant mortality, longer lives, and the accelerating conquest of famine, there is underway a population explosion so incredibly great that in little more than another generation the population of the world is expected to double. Asia alone is expected to have one billion more people than the entire world has today. Throughout vast areas there is a surging social upheaval in which, overnight, the responsibilities of self-government are being undertaken by hundreds of millions, women are assuming new places in public life, old family patterns are being destroyed and new ones uneasily established. In the early years of independence, the people

of the new nations are fired with a zealous nationalism which, unless channeled toward productive purposes, could lead to harmful developments. Transcending all this there is the accompanying universal determination to achieve a better life.

Third, there is loose in the world a fanatic conspiracy, international communism, whose leaders have in two score years seized control of all or parts of 17 countries, with nearly 1 billion people, over a third of the total population of the earth. The center of this conspiracy, Soviet Russia, has by the grimmest determination and harshest of means raised itself to be the second military and economic power in the world today. Its leaders never lose the opportunity to declare their determination to become the first with all possible speed.

The other great Communist power, Red China, is now in the early stages of its social and economic revolution. Its leaders are showing the same ruthless drive for power and to this end are striving for ever increasing economic output. They seem not to care that the results—which thus far have been considerable in materialistic terms—are built upon the crushed spirits and the broken bodies of their people.

The fact that the Soviet Union has just come through a great revolutionary process to a position of enormous power and that the world's most populous nation, China, is in the course of tremendous change at the very time when so large a part of the free world is in the flux of revolutionary movements, provides communism with what it sees as its golden opportunity. By the same token freedom is faced with difficulties of unprecedented scope and severity—and opportunity as well.

Communism exploits the opportunity to intensify world unrest by every possible means. At the same time communism masquerades as the pattern of progress, as the path to economic equality, as the way to freedom from what it calls "Western imperialism," as the wave of the future.

For the free world there is the challenge to convince a billion people in the less developed areas that there is a way of life by which they can have bread and the ballot, a better livelihood and the right to choose the means of their livelihood, social change and social justice—in short, progress and liberty. The dignity of man is at stake.

Communism is determined to win this contest—freedom must be just as dedicated or the struggle could finally go against us. Though no shot would have been fired, freedom and democracy would have lost.

This battle is now joined. The next decade will forecast its outcome.

The fourth reality is that the military position and economic prosperity of the United States are interdependent with those of the rest of the free world.

As I shall outline more fully below, our military strategy is part of a common defense effort involving many nations. The defense of the free world is strengthened and progress toward a more stable peace is advanced by the fact that

powerful free world forces are established on territory adjoining the areas of Communist power. The deterrent power of our air and naval forces and our intermediate range missiles is materially increased by the availability of bases in friendly countries abroad.

Moreover, the military strength of our country and the needs of our industry cannot be supplied from our own resources. Such basic necessities as iron ore, bauxite for aluminum, manganese, natural rubber, tin, and many other materials acutely important to our military and industrial strength are either not produced in our own country or are not produced in sufficient quantities to meet our needs. This is an additional reason why we must help to remain free the nations which supply these resources.

The challenge that confronts us is broad and deep—and will remain so for some time. Yet our gravest danger is not in these external facts but within ourselves—the possibility that in complacent satisfaction with our present wealth and preoccupation with increasing our own military power we may fail to recognize the realities around us and to deal with them with the vigor and tenacity their gravity requires.

We have the national capacity and the national program to surmount these dangers and many more. We have the strength of our free institutions, the productivity of our free economy, the power of our military forces, a foreign policy dedicated to freedom and respect for the rights of others, and the collective strength of our worldwide system of alliances.

The effectiveness of all these in meeting the challenge confronting us is multiplied by our mutual security program—a powerful and indispensable tool in dealing with the realities of the second half of the 20th century.

I should like to outline how the principal elements of this program will serve the vital interests of our country in fiscal year 1960.

THE MUTUAL SECURITY PROGRAM FOR FISCAL YEAR 1960

The mutual security program which I propose for fiscal year 1960 is in the same pattern and has the same component parts as the program which the Congress enacted at the last session. To carry forward this program I ask \$3,929,995,000.

I ask these funds to attain the two basic objectives of the mutual security program: military security and economic and political stability and progress.

THE MILITARY SHIELD

In view of the maintenance by the Communists of armed force far beyond necessary levels and the repeated evidence of willingness to use a portion of that force where the Communist leaders believe it would be a successful means to a Communist end, it is rudimentary good sense for the peoples of the free nations to create and maintain deterrent military strength. We do this not through choice but necessity. It is not in our nature to wish to spend our substance on weapons. We would like to see these outlays shifted to the economic

benefit of our own Nation and our friends abroad striving for economic progress.

Because the need for military strength continues, we seek to build this strength where it can most effectively be developed, deploy it where it can most effectively be used and share the burden of its cost on as fair a basis as possible. To this end, we and over 40 other nations have joined together in a series of security pacts. Some of our allies and close friends have joined in other supporting agreements. We have also made certain individual undertakings such as the Middle East resolution.

Each of the free nations joined in this worldwide system of collective security contributes to the common defense in two ways: through the creation and maintenance of its individual forces; through the support of the collective effort.

For our own military forces, which form a major element in the total security pattern, I have asked the Congress to make available \$40.85 billion, to which must be added approximately \$2.8 billion for atomic programs, largely for defense purposes. For our contribution of military materiel and training assistance to the collective security effort, I now ask the Congress to make available \$1.6 billion. This amount is far below that needed for our share of the cost of improving, or even providing essential maintenance for the forces of our allies. It is a minimum figure necessary to prevent serious deterioration of our collective defense system.

These two requests, one for our own defense forces, the other for our share in supporting the collective system, are but two elements in a single defense effort. Each is essential in the plans of the Joint Chiefs of Staff for our national security. Each is recommended to you by the same Joint Chiefs, the same Secretary of Defense, and the same Commander in Chief.

Dollar for dollar, our expenditures for the mutual security program, after we have once achieved a reasonable military posture for ourselves, will buy more security than far greater additional expenditures for our own forces.

Two fundamental purposes of our collective defense effort are to prevent general war and to deter Communist local aggression.

We know the enormous and growing Communist potential to launch a war of nuclear destruction and their willingness to use this power as a threat to the free world. We know also that even local aggressions, unless checked, could absorb nation after nation into the Communist orbit—or could flame into world war.

The protection of the free world against the threat or the reality of Soviet nuclear aggression or local attack rests on the common defense effort established under our collective security agreements. The protective power of our Strategic Air Command and our naval air units is assured even greater strength not only by the availability of bases abroad but also by the early warning facilities, the defensive installations, and the logistic support installations maintained on the

soil of these and other allies and friends for our common protection.

The strategy of general defense is made stronger and of local defense is made possible by the powerful defensive forces which our allies in Europe, in the Middle East, and the Far East have raised and maintain on the soil of their homelands, on the borders of the Communist world.

These military forces, these essential bases, and facilities constitute invaluable contributions of our partners to our common defense. On our part we contribute through our military assistance program certain basic military equipment and advanced weapons they need to make their own military effort fully effective but which they cannot produce or afford to purchase.

As we move into the age of missile weapons, this plan of collective security will grow in importance. Already intermediate range ballistic missiles are being deployed abroad. Our friends on whose territory these weapons are located must have the continued assurance of our help to their own forces and defense in order that they may continue to have the confidence and high morale essential to vigorous participation in the common defense effort.

The funds I now ask for military assistance are to supply to these partners in defense essential conventional weapons and ammunition for their forces and the highly complex electronic equipment, missiles, and other advanced weapons needed to make their role in the common defense effective.

As already pointed out these funds are asked on a minimal basis. Continuation of a sufficient flow of materials and of sufficient training for the year can be attained only by some additional cannibalizing of the pipeline, already reduced to a point where flexibility is difficult.

To summarize, through the mutual security program our friends among the free world nations make available to us for the use of our forces some 250 bases in the most strategic locations, many of them of vital importance. They support ground forces totaling more than 5 million men stationed at points where danger of local aggression is most acute, based on their own soil and prepared to defend their own homes. They man air forces of about 30,000 aircraft of which nearly 14,000 are jets, 23 times the jet strength of 1950 when the program started. They also have naval forces totaling 2,500 combat vessels with some 1,700 in active fleets or their supporting activities.

Over the years of our combined effort, these allies and friends have spent on these forces some \$141 billion, more than 6 times the \$22 billion we have contributed in military assistance. During calendar year 1958 they contributed \$19 billion of their own funds to the support of these forces. On our part we have created and maintain powerful mobile forces which can be concentrated in support of allied forces in the most distant parts of the world. We know it would be impossible for us to raise and main-

tain forces of equal strength and with the immeasurable value of strategic location. Without the strength of our allies our Nation would be turned into an armed camp and our people subjected to a heavy draft and an annual cost of many billions of dollars above our present military budget.

Because the military assistance program is a vital part of our total defense, and to be certain that it serves its intended purpose fully and effectively, I have appointed a bipartisan committee of prominent Americans of the highest competence to examine this program and its operation thoroughly. I have asked them to make a report of their findings on the program, including its proper balance with economic assistance. Since its formation in late November of last year, the committee has been vigorously pursuing its study, including personal visits to all major areas where military assistance is being rendered. The committee has already indicated to me that it will recommend an increase in the level of commitments for vital elements of the military assistance program, primarily for the provision of weapons to the NATO area. I expect to receive its written interim report shortly. I will, of course, give this report my most careful attention and will then make such further recommendations as are appropriate.

MAINTAINING ECONOMIC STABILITY

While our own and our allies' military efforts provide a shield for freedom, the economic phases of our mutual security program provide the means for strengthening the stability and cohesion of free nations, limiting opportunities for Communist subversion and penetration, supporting economic growth and free political institutions in the newly independent countries stimulating trade, and assuring our own Nation and our allies of continuing access to essential resources.

Two of these programs, defense support and special assistance, are specifically directed toward helping maintain order, stability, and, in certain countries, economic progress, where these are of material importance to the welfare of the United States itself.

Defense support: For most of our allies and friends the cost of the share which they bear of the common defense effort constitutes a heavy burden on their economies. Our NATO allies in Western Europe bear this entire economic burden themselves, receiving from us only advanced weapons and other essential items of military equipment and certain training. But for others the burden of defense vastly exceeds their limited resources. They, therefore, are forced to turn to us for economic help in maintaining political and economic stability.

We supply this assistance through our defense support program to 12 nations in which we are helping to arm large military forces. Eleven of these nations—Greece, Turkey, Iran, Pakistan, Thailand, Laos, Cambodia, Vietnam, the Philippines, the Republics of China and Korea—lie along or are narrowly separated from the very boundaries of the

Sino-Soviet bloc, subjected daily to the pressures of its enormous power. Several of them are also the sites of major U.S. military installations. The twelfth, Spain, is the strategically located site of other bases used by the United States. Together, these 12 nations are supporting 3 million armed forces—nearly one-half of the total forces of the free world.

Despite their proximity to Communist forces, most of these nations have pledged themselves to the worldwide collective defense plan. Greece and Turkey are among our NATO allies. Pakistan, Thailand, and the Philippines are among our SEATO allies and Cambodia, Laos, and Vietnam are protected through SEATO. Turkey, Iran, and Pakistan are active members of the Baghdad Pact which forms a connecting link of free world defenses between NATO and SEATO. Korea, the Republic of China, and the Philippines are joined with us in special mutual defense agreements.

For defense support, to make possible the needed contributions of these 12 nations to the common defense, I ask \$835 million. I ask the Congress to recognize these economic needs of our partners and to provide the full amount I request.

Over two-thirds of this sum will be used for Turkey, Vietnam, Taiwan, and Korea. These courageous and strategically located nations—three of them the free areas of divided nations—are directly faced by heavy concentrations of Communist military power. Together they contribute nearly 2 million armed forces in the very front lines of the free world's defenses. These nations depend for survival on our defense support program. The remaining third of the funds will be for the eight other nations which rely on this help to enable them to make their valuable contributions to the common defense without serious harm to their economies.

These nations are contributing heavily to the defense effort in keeping with their abilities. Reducing the defense support we provide them will compel a reduction in the forces we wish them to maintain in our common defense or place a heavy additional burden on the already low standards of living of their people.

Special assistance: There are a number of other nations and areas of the world whose need is so great and whose freedom and stability are so important to us that special assistance to them is essential. In north Africa, for example, the newly independent Arab nation, Tunisia, is struggling to improve the economic and social conditions of its people while under strong external pressures. Its neighbors, Morocco and Libya, are also striving to build economic progress upon their newly acquired political independence. Another new nation, the Sudan, is an important link between the Arab world and rapidly growing central Africa and is intently working to maintain its independent course of progress in the face of strong Communist and other outside pressures. These nations are all new outposts of freedom in whose success we are deeply interested.

During the last year, as I have mentioned, Jordan has been subjected to

severe pressures. Should Jordan be overwhelmed, the peace and stability of the Middle East would be endangered. But with its very limited internal resources, Jordan desperately needs continued substantial outside help.

West Berlin is a solitary outpost of freedom back of the Iron Curtain. In addition to the firm support which we and our NATO allies have assured West Berlin in the face of current Soviet threats, it is important that we show our support of its people by continuing our economic assistance to the beleaguered city.

Programs for health: I have on several occasions during the recent past sought to focus public attention on the great opportunity open to the United States in the field of health. The United States will continue to support and promote the accelerating international fight against disease in the coming fiscal year. The great campaign to eradicate the world's foremost scourge, malaria, is moving into its peak period of activity and need for special assistance funds. Of more than a billion people formerly exposed to the disease, half have now been protected and the movement is gaining strength and momentum as a true international effort. The substantial progress of this campaign as well as modern medical potential generally have opened new vistas of the conquest of mass disease through pooling of efforts.

I ask the Congress to make available funds to continue the program for development of medical research programs begun last year by the World Health Organization with the help of a grant from the United States. I also propose that the United States explore whether practical and feasible means can be found whereby progress can be made toward equipping those nations whose needs are greatest to provide in a reasonable time pure drinking water for their people as a method of attack on widespread water-borne diseases.

Added to the health programs now being carried on by our bilateral programs and through our voluntary contributions to the United Nations, these new programs will raise the health activities proposed for fiscal year 1960 under the mutual security program to a total value of some \$84 million, exclusive of loans by the Development Loan Fund in this field. The total effort of the United States in the field of international health, including among other activities those conducted by the Department of Health, Education, and Welfare, will approximate \$100 million.

For the nations I have mentioned and several others, for West Berlin, for such programs as those for health, for support to certain of our American sponsored schools abroad and for our contribution to the United Nations Emergency Force I ask \$272 million in special assistance funds. I believe that the close examination which I expect the Congress to give each of these special needs will show that this request is conservative.

AIMING ECONOMIC PROGRESS

The request for funds for defense support and special assistance which I have

outlined thus far are directed primarily at maintaining political and economical stability. But in our dynamic world of multiple revolutions this is far from enough.

In many nations of Asia and Africa per capita incomes average less than \$100 a year. Life expectancies are half those of the more advanced nations. Literacy averages 25 percent. Affected by the revolutionary drives which are sweeping their regions, the peoples of the areas will tolerate these conditions no longer—and they should not. They are intently determined to progress—and they deserve to do so. If they cannot move forward, there will be retrogression and chaos, the injurious effects of which will reach our own shores. These newly independent peoples look to their present generally moderate governments for leadership to progress. If they do not find it, they will seek other leadership, possibly extremists whose advent to power would not only endanger the liberties of their own people but could adversely affect others, including ourselves.

Above all, these people must have hope that they can achieve their economic goals in freedom, with free institutions and through a working partnership with other citizens of the free world.

The leaders of the Soviet Union and Communist China are intently aware of the great revolutionary surges in these less developed areas, many of which are on the borders of the Communist bloc. Seeing in these new trends a historic opportunity, they have reversed their attitude of hostility to all nations not under their direct control. Five years ago they entered on a great diplomatic and economic campaign of wooing the new nations of Asia and Africa, even attempting to push their drive into Latin America. I reported on this campaign of trade and aid in my message to the Congress last year. It has increased in intensity in the intervening time. Communist bloc military and economic credits to 17 selected nations exceeded a billion dollars in 1958 alone, bringing the present total to \$2.4 billion. The number of technicians supplied to 17 countries of Asia and Africa rose from 1,600 in 1957 to 2,800 in 1958.

Our own programs of technical cooperation and capital assistance are not mere responses to Communist initiatives. The reverse is true. This year will mark the 10th anniversary of our point 4 program. Capital assistance for development has been flowing to nations needing our help for many years. Even if the Communist bloc should revert tomorrow to its previous icy treatment of all free peoples, we would continue the warmth of our interest in and help to their determined efforts to progress.

Nevertheless, it is imperative that we understand the real menace of the Communist economic offensive. The great contest in half the globe, the struggle of a third of the world's people, is to prove that man can raise his standard of living and still remain free—master of his individual destiny and free to choose those who lead his government. The Communist economic offensive presents the grave danger that a free nation might develop a dependence on the Com-

munist bloc from which it could not extricate itself. This must not happen. We and other nations of the free world must provide assurance that no nation will be compelled to choose between bread and freedom.

The United States is determined to do its part in providing this assurance. For this purpose, in addition to channels of private investment and existing financing institutions, we have created two carefully designed instruments of national policy: the technical cooperation program and the Development Loan Fund.

Technical cooperation: To carry on our technical cooperation program some 6,000 skilled American men and women are now working in 49 countries and 9 dependent territories which have asked our help. They are advising high officials on problems of administering new governments. They are helping farmers raise their incomes by teaching them better methods of cultivation, irrigation, and fertilization and by introducing more productive seeds, poultry, and livestock. They are planning with local scientists for uses of atomic power and isotopes. They are attacking disfiguring and debilitating diseases and helping to increase the health and vigor of untold millions. They are helping to organize the educational systems which will bring literacy and the knowledge which is the power for progress.

In order to transfer our modern technical knowledge even more effectively, we will bring next year over 10,000 of the rising leaders of the less developed areas to study in the United States or in specially developed training programs in other countries.

To provide for the work of our technicians abroad and for these training programs I ask \$179.5 million for fiscal year 1960. The increase in this sum over the current year is to expand programs recently begun in the newly independent and emerging countries of Africa, to intensify activity in Asian nations and to augment substantially cooperative programs with countries of Latin America.

I also ask \$30-million to be available for our contribution to the companion technical cooperation and special projects programs of the United Nations, initiated by our own Government. I anticipate that increasing contributions by other members in the year 1960 will call for this increased contribution on our part.

As in recent years, I believe we should continue our annual contribution of \$1.5 million to the technical cooperation program of the Organization of American States.

The Development Loan Fund: Administrative and technical skills, though essential to economic growth, cannot of themselves make possible the rate of progress demanded of their governments by the peoples of the newly independent nations. For this progress they must have capital—capital for the roads, telecommunications, harbors, irrigation, and electric power which are the substructure of economic progress and for the steel mills, fertilizer plants, and other

industries which are fundamental to general economic growth.

Just as in the early decades of our own national development we depended upon the more highly developed nations of that period—England, France, and others—for capital essential to our growth, so do the new nations of this era depend on us and others whose economies are well established.

Two years ago the Congress, the executive branch, and several distinguished private organizations reexamined the needs of the newly independent nations for outside development capital and of the then existing sources. The independent but unanimous conclusion of these studies was that existing sources were and for the foreseeable future would be inadequate to meet even the most pressing needs. They recommended that there be established a new institution to provide long-term credits on flexible terms.

In the light of these findings, I recommended to the Congress and it established the Development Loan Fund, an agency of the U.S. Government especially designed to advance loans on a business-like basis for sound projects which cannot find financing from private or established governmental sources.

The Development Loan Fund in its little more than a year of active operation has established the sound and useful position that was foreseen for it. In this short time it has taken under consideration \$2.8 billion in screened requests for loans. It has later determined that some \$600 million were unacceptable or more appropriate for private or other public financing. Of its total capital of \$700 million thus far made available by the Congress, it had by mid-February 1959, committed \$684 million for loans to projects in 35 countries. For all practical purposes it is now out of funds for further loan commitments and has before it applications totaling over \$1.5 billion with more being received almost daily.

In order that the Fund may continue to meet the most urgent needs of the nations depending on us, I have asked the Congress for a supplemental appropriation of \$225 million to be available in the fiscal year 1959. This appropriation is under authorizations previously made but not used.

When I made my original recommendation to the Congress in 1957 for the establishment of the Development Loan Fund I urged that it be provided with capital for 3 years of operation and stated that based on observation of its progress within that period I would ask for longer term capitalization commencing in fiscal year 1961. The Congress chose to authorize capital initially for 2 years of operation. I now ask that the Congress authorize and appropriate \$700 million to become available in fiscal year 1960, the third year of the fund. This sum will allow the Fund a level of activity no higher than it established in its first year of operation.

Consideration should continue to be given to capitalization procedures that will allow better long-range planning.

Private investment: These governmental programs of technical cooperation and capital financing of course only augment the investment in progress which comes from private sources. But they are indispensable and probably will be for a number of years because private investment, though very significant in the Western Hemisphere, does not and cannot in the near future be expected to supply more than a fraction of the capital needed by the new nations of Asia and Africa.

In order to encourage increased private investment in these areas, our Government has already undertaken a system of guarantees against loss from non-convertibility of foreign currency receipts and from expropriation, confiscation, and war. To further stimulate such investment, I now request that legislation be enacted to allow similar guarantees against risks of revolution, insurrection, and related civil strife. I propose also that the Congress double the availability of such guarantees.

CONTINGENCY FUND AND OTHER PROGRAMS

The experience of this year has shown, as in the past, that there will arise each year contingencies for which funds will be urgently needed—but which cannot be foreseen at all or with sufficient clarity to program in advance. For the current year I asked \$200 million for such eventualities. Heavy demands, arising from the crises in the Middle East and from needs elsewhere, have already been made on the \$155 million appropriated—with several months of the fiscal year remaining. I still believe that \$200 million is the smallest sum which safety and prudence recommend and I ask that this sum be provided for fiscal year 1960.

I recommend that we continue our support of the United Nations Children's Fund, our help in the resettlement of refugees from Communism, our program of atoms-for-peace, and certain other small programs we are now engaged in. The International Cooperation Administration will need an increase in its administrative funds, particularly to help obtain more persons of high qualifications for service abroad and to strengthen our representation at key posts in Africa and Latin America. For all these purposes I ask \$112 million.

SOME FISCAL CONSIDERATIONS

The total sum I request for the mutual security program for fiscal year 1960, \$3,929,995,000 is slightly less than I asked last year. Each category and item in it has been weighed in terms of the contribution it will make to the achievement of the important objectives the program is designed to serve. The total amount is well under 1 percent of the gross national product our country will enjoy in the coming year. It is approximately 5 percent of our national budget. The greater part will go for military equipment to our allies and for economic support directly related to defense. The remainder, for aid to the economic growth we are most anxious to promote amounts to less than 2 percent of our national budget, under one-third of 1 percent of our national production. At the end of the present fiscal year the mili-

tary assistance pipeline will be at the lowest level in its history and will be further reduced by next year's expenditure which will substantially exceed the new appropriation I am now asking. The economic assistance pipeline will, as in recent years, be barely enough to keep the program flowing without serious interruption.

The true measure of this national security program is what we have gotten and will get for our expenditures and what the cost would be without it. Over the years we have received returns many times the value of our investment.

Our first great work, the Marshall plan, cost less than projected, ended on time, and revived Western Europe from the destruction of the war to a group of thriving nations, now among our best customers and strongest allies, many of whom are now joining with us in assistance to the newly independent nations.

Our military and economic aid has been indispensable to the survival and gradual progress of nation after nation around the perimeter of Asia from Greece to Korea and others in Africa and our own hemisphere. When I hear this program described as a giveaway or aid to foreigners at the expense of domestic programs, I wonder what sort of America we would have today—whether any funds would be available for any domestic programs—whether all of our substance would not today be devoted to building a fortress America—if we had not had such a program: if the key nations of Europe had been allowed to succumb to communism after the war, if the insurrectionists had been allowed to take over Greece, if Turkey had been left to stand alone before Soviet threats, if Iran had been allowed to collapse, if Vietnam, Laos, and Cambodia were now in Communist hands, if the Huks had taken control in the Philippines, if the Republic of Korea were now occupied by Communist China.

That none of these tragedies occurred, that all of these nations are still among the free, that we are not a beleaguered people is due in substantial measure to the mutual security program.

CONCLUSION

The realities of this era indicate all too clearly that the course of our country will be deeply affected by forces at work outside our borders. These forces if left to exploitation by extremists will inevitably lead to changes destructive to us. Yet with wisdom and tenacity it lies within our power to frustrate or to shape these forces so that the peoples directly concerned and our own Nation may be benefited.

We cannot safely confine Government programs to our own domestic progress and our own military power. We could be the wealthiest and the most mighty Nation and still lose the battle of the world if we do not help our world neighbors protect their freedom and advance their social and economic progress. It is not the goal of the American people that the United States should be the richest Nation in the graveyard of history.

In the world as it is today—and as it will be for the foreseeable future—our mutual security program is and will be both essential to our survival and important to our prosperity. It not only rests upon our deepest self-interest but springs from the idealism of the American people which is the true foundation of their greatness. If we are wise we will consider it not as a cost but as an investment—an investment in our present safety, in our future strength and growth, and in the growth of freedom throughout the world.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, March 13, 1959.

COMMITTEE ON WAYS AND MEANS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight to file a report, including any supplemental views, on the bill H.R. 5640.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

CORRECTION OF THE RECORD

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent that my remarks appearing on page 3586 of the CONGRESSIONAL RECORD of March 12, 1959, be corrected as follows:

In the seventh line from the bottom of column 1 change the second word "eastern" to "western."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

ON THE QUESTION OF SUBSIDIES

(Mr. JONES of Missouri asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JONES of Missouri. Mr. Speaker, we hear a lot about subsidies these days, and most of the criticism appears to be directed at the so-called subsidies to farmers. Some of those who have been most vocal in their criticism appear to have little conception of what a subsidy is, and have confused loans which are repaid with interest as being subsidies.

I have just read, Mr. Speaker, where the Federal Maritime Board has announced that the American Export Lines will get a construction subsidy of 48.3 percent of the cost of four new cargo vessels. According to the announcement, the subsidy is based on comparative costs in Japanese shipyards for vessels of similar size and speed.

To be specific, this one company will receive a subsidy in excess of \$20 million for four ships which will be constructed by a California shipbuilding corporation, the low bidder on four ships costing \$10,894,997 each, whereas the Board determined that vessels of the type planned for American Export Lines would cost approximately \$5,555,000 each if built in Japan.

At the same time that one department of this administration is approving a subsidy of more than \$20 million for just one company of an important and widespread industry, another branch of the Government, with the approval of the Secretary of Agriculture has approved the manipulation of the parity index in such a way as to take from one segment of American agriculture, namely the cotton producers of this Nation, some \$60 million.

Without criticizing the Federal Maritime Board for looking after the interests of those it has the responsibility of representing, I would like to ask who in this administration is looking after the best interests of the farmer? Certainly, it is not the Secretary of Agriculture.

DAIRY PRICE SUPPORTS

(Mr. BYRNES of Wisconsin asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BYRNES of Wisconsin. Mr. Speaker, everyone in the Nation's dairy-land will be pleased at the announcement of the Secretary of Agriculture yesterday that current dollar support prices for manufacturing milk and butterfat will be continued through the marketing year which begins on April 1.

It is particularly pleasing to note that this action was based upon a decided improvement in the dairy picture during the current marketing year. Milk production is down. Total use of milk products has increased, and Government purchases have been substantially less.

The support prices announced by the Secretary represent an increase in the support rate to 77 percent, based on the March parity price, from the current 75 percent level.

This action by the Secretary gives the lie to those who have so loudly been proclaiming that his only interest is in driving farm prices lower. The Secretary's goal is to develop markets for farmers by moving farm products into consumption rather than Government warehouses, and his action yesterday is thoroughly consistent with that objective.

DIVERSION OF WATER FROM LAKE MICHIGAN

Mr. BLATNIK. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 1) to require a study to be conducted of the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway for navigation and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 1, with Mr. SISK in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the gentleman

from Minnesota [Mr. BLATNIK] had 44 minutes remaining, and the gentleman from Washington [Mr. MACK] had 44 minutes remaining.

The Chair recognizes the gentleman from Minnesota [Mr. BLATNIK].

Mr. BLATNIK. Mr. Chairman, I yield 4 minutes to the gentleman from Ohio [Mr. Cook].

(Mr. COOK asked and was given permission to revise and extend his remarks.)

Mr. COOK. Mr. Chairman, I am opposed to the passage of H.R. 1, principally because of its effect on navigation. Coming from a district which borders Lake Erie and contains some of the largest industrial ports on the Great Lakes, any proposal which would result in a decrease in the shipping so vitally necessary to our economy must be vigorously fought.

I am sympathetic with the needs of the Chicago area for the proper disposal and treatment of sewage wastes but it is not fair for one city to use the natural resources of the Great Lakes to solve a problem when no other city does so.

H.R. 1 would provide for a diversion of 1,000 cubic feet per second at Chicago in addition to the present diversion of 1,500 cubic feet per second plus domestic pumpage. This amount may not sound very large to the layman but measured in terms of gallons it would amount to 236 billion gallons per year. The present diversion alone is about 3,300 cubic feet per second made up of the 1,500 cubic feet per second permitted under a court decree and the estimated average annual domestic pumpage which amounts to about 1,800 cubic feet per second. Adding the additional 1,000 cubic feet per second which would be legalized by H.R. 1 would make the total diversion 4,300 cubic feet per second, or more than 1,000 billion gallons a year. There is no question in my mind but that 1,000 billion gallons a year taken from Lake Michigan would cause an appreciable lowering in the lake levels.

Although the bill provides for temporary diversion of 1 year only, there is no question in the minds of those who oppose it that this would be a "foot in the door." In fact, even the last sentence in the bill states that—

The report * * * shall contain recommendations with respect to continuing the authority to divert water from Lake Michigan into the Illinois Waterway.

In fact, there would be no point in making a study with an actual diversion unless it were to form the basis of a permanent diversion, which might even be of greater amount.

If we are to have an additional diversion of 1,000 cubic feet per second, with a subsequent lowering of lake levels, experts have stated that the carrying capacity of the United States and Canadian Great Lakes fleet would be reduced by more than 1 million tons a year with a direct economic loss to the vessel industry of better than \$2 million per year. This is not hard to understand when we are told by shipping experts that 1 inch of difference in lake levels represents 100 tons of cargo per vessel.

I have no breakdown as to what this loss would be for the three major harbors in my district, Ashtabula, Fairport Harbor, and Conneaut, but I am sure it could represent a substantial blow to the economy. The situation becomes particularly paradoxical when it is considered in the light of the tremendous sums of money which are being spent to provide for the St. Lawrence Seaway and to deepen the connecting channel of the Great Lakes. The U.S. portion alone of the cost of the St. Lawrence Seaway is \$140 million and the cost of dredging the connecting channels is about the same, making a total of almost \$300 million without even considering the proposed deepening of the various harbors of the Great Lakes to accommodate the deeper draft traffic. The total investment for navigation might easily run into the neighborhood of a half a billion dollars. Should this huge investment be jeopardized by permitting the diversion of water for the use of one city?

I have not mentioned the losses in hydroelectric power production which the experts have testified will occur on the St. Lawrence River and at Niagara to both the Canadian and U.S. plants, since they do not directly affect my district, but they certainly should be taken into account in reaching a decision on H.R. 1.

As a final argument, I understand the Canadian Government has recently expressed its opposition to this diversion. It would be most unwise, in my opinion, for the United States to permit unilaterally such a diversion without first negotiating with the Canadian Government and arriving at some equitable arrangement for payment of damages to Canada.

For the foregoing reasons, I am obliged to oppose the passage of H.R. 1.

Mr. MACK of Washington. Mr. Chairman, I yield such time as he may require to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, my opposition to H.R. 1 is based on the following letter dated February 9, 1959, from Attorney General Anne K. Alpern, of the Commonwealth of Pennsylvania, which I should like to read at this time:

COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF JUSTICE,
Harrisburg, February 9, 1959.

DEAR CONGRESSMAN: I wish to call to your attention the very serious adverse effects upon Pennsylvania of H.R. 1, introduced into the House by Mr. O'BRIEN of Illinois and referred to the Committee on Public Works. This bill would permit the Metropolitan Sanitary District of Chicago to divert out of the Great Lakes 2,500 cubic feet per second of water for a period of 12 months.

At the present time, the Metropolitan Sanitary District diverts 3,500 cubic feet per second from the Great Lakes Basin pursuant to a decree of the U.S. Supreme Court, in addition to diverting an unknown quantity of water for domestic pumpage. The right to divert domestic pumpage is now being tested before the U.S. Supreme Court by the Commonwealth of Pennsylvania and the other Great Lakes States.

The additional diversion which would be authorized by this bill would lower the level of Lake Erie 1½ to 2 inches. While this may appear to be but a slight matter, it would affect adversely all riparian landowners and seriously interfere with the operations of the

March 16, 1959

SENATE

14. FOREIGN AID. Received from the President his proposed mutual security program for 1960; to Foreign Relations Committee. p. 3747
15. ELECTRIFICATION. Received from the Federal Power Commission several publications on electric utilities. p. 3749
Received from the North Dakota State Legislature a resolution urging Congress to retain the 2% interest rate on rural electric loans. p. 3751
Sen. Mansfield stated that hydroelectric power is the key to Montana's future since it attracts industry and broadens markets and urged that Congress and not the Department of Interior allocate kilowatt capacity. pp. 3783-4
16. FARM PROGRAM. Sen. Langer inserted a letter criticizing the Administration's farm program. pp. 3789-90
17. PERSONNEL. Received from the Budget Bureau a proposed bill "to improve the compensation policies and practices of the Federal Government with respect to civilian personnel thereof, to establish a temporary Commission on Federal Civilian Employees Compensation Policy"; to Post Office and Civil Service Committee. p. 3749
18. LANDS. Received from the Utah Legislature a resolution urging removal of the limitation on the number of acres of public lands the State may acquire under the Recreation Act of 1926. p. 3751
19. SCHOOL LUNCH. Received from the North Dakota State Legislature a resolution urging Congress to make an adequate appropriation for school lunch programs. p. 3752
20. BUDGET; ECONOMY. Sen. Bridges inserted an article, "Horse and Buggy Days," praising the "economic horsesense" of the old days which called for all, including the Government, to balance their budgets and criticizing farm production controls. pp. 3773-5
21. ADMINISTERED PRICES; INFLATION. Sen. Proxmire commended and inserted an article contending that administered prices of large firms is the major cause of inflation. pp. 3781-3
22. FORESTRY. Passed without amendment, H. R. 1776, to exempt employees of the National Outdoor Recreation Resources Review Commission from the Classification Act of 1949. Ready for President. p. 3784
27. ADJOURNED until Wed. Mar. 18, 1959. p. 3798

ITEMS IN APPENDIX

28. FARM PROGRAM. Sen. Williams inserted an editorial, "Mr. Taxpayer: Read and Weep Over Gravy Train Big U. S. Farmers are Riding." p. A2199
Sen. Langer inserted the text of several radio broadcasts by the Farmers Union Grain Terminal Ass'n. pp. A2210-1
Extension of remarks of Rep. Jones, Mo., inserting Joseph Alsop's column, "Mr. Benson's Mess." p. A2217
Extension of remarks of Rep. Wolf pointing out various criticisms of the Secretary made by Mr. Alsop and stating that "I heartily concur with these remarks." p. A2217

Rep. Teague inserted an editorial, "Socialized Farming Here To Stay?"
p. A2232

Rep. Jensen inserted an article relative to the results of a poll taken on farm price supports. p. A2234

29. FOOD COSTS. Rep. Teague inserted an editorial, "Your Hidden Food Bill," pointing out that various "farm relief" programs have added to the cost of food. pp. A2243-4

30. AREA REDEVELOPMENT. Rep. Evins inserted testimony presented to the House Banking and Currency Committee favoring proposed area redevelopment bills. pp. A2223-5

Rep. Allen inserted an article criticizing the Senate Banking and Currency Committee for approving the depressed areas bill. p. A2230

31. FOREIGN AID. Rep. Scherer commended and inserted the Citizens Foreign Aid Committee report, "Foreign Aid and You." pp. A2238-42

32. SCHOOL LUNCH. Rep. Johnson, Colo., inserted excerpts from an American School Food Service Ass'n letter describing some of the needs of the school lunch programs. pp. A2242-3

Rep. Green inserted a series of articles about the hungry children of the District of Columbia and asked, "In a time of massive agricultural surpluses, in a time of social awareness, in the capitol city of freedom, how can these things happen?" pp. A2261-3

33. UNEMPLOYMENT. Rep. Reuss inserted part 2 of a University of Michigan study on the operation of the unemployment insurance system. pp. A2251-2

Extension of remarks of Rep. Santangelo stating that "... indications are that unemployment is rising and today is the No. 1 domestic problem," and inserting an article on this subject. pp. A2255-6

34. GRAIN STORAGE. Rep. Johansen inserted a speech by the vice president of the Grain and Feed Dealers' Nat'l Ass'n discussing the role and the problems of the local elevator operator in modern agricultural operations. pp. A2257-8

BILLS INTRODUCED

35. LANDS. S. 1401, by Sen. Kuchel (for himself and Sen. Engle), to authorize an extension of the time for final proof under the desert land laws under certain conditions; to Interior and Insular Affairs Committee. Remarks of Sen. Kuchel. p. 3756

S. 1412, by Sen. Bartlett (for himself and Sen. Gruening), to amend the act of July 7, 1958, providing for the admission of the State of Alaska into the Union, relating to the selection by the State of Alaska of certain lands made subject to lease, permit, license, or contract; to Interior and Insular Affairs Committee.

S. 1436, by Sen. Bennett, to amend section 1 of the act of June 14, 1926, as amended by the act of June 4, 1954 (68 Stat. 173; 43 U. S. C., sec. 869); to Interior and Insular Affairs Committee. Remarks of author. pp. 3765-8

36. PERSONNEL. S. 1428, by Sen. Langer, to amend the Civil Service Retirement Act so as to provide for payment of annuities to widowers of female employees, and to surviving children, without regard to dependency; to Post Office and Civil Service Committee.

H. R. 5707, by Rep. Horan, to amend title 28, entitled "Judiciary and Judicial Procedure," of the United States Code to provide for the defense of suits against Federal employees arising out of their operation of motor vehicles



Congressional Record

United States
of America

PROCEEDINGS AND DEBATES OF THE 86th CONGRESS, FIRST SESSION

Vol. 105

WASHINGTON, MONDAY, MARCH 16, 1959

No. 42

Senate

Rev. Kenneth G. Phifer, minister, Old Presbyterian Meeting House, Alexandria, Va., offered the following prayer:

Almighty God, we pause in prayer amid the bustle and din of this workday. Refresh our hearts and renew our spirits. May the quiet grace of Thine eternal calm pervade us now. May we feel something of the still depths of Thine everlasting peace. All about us there is discord. All around are clamor and shrillness. We are buffeted by pressures from without, and we are strung tight by tensions within. At times it is difficult for us to fulfill our responsibilities and meet our obligations. Drop now Thy still dews of quietness upon our hearts, that we may be strengthened anew to meet this day's tasks.

Unto Thee would we commit ourselves now. Unto Thee would we commit the work of this day. May Thy blessing rest upon us, upon the Nation we desire to serve, upon all Thy children everywhere.

Unto Thee be all glory and honor, in Jesus Christ, our Lord. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, March 12, 1959, was dispensed with.

MESSAGE FROM HOUSE RECEIVED DURING ADJOURNMENT

Under authority of the order of the Senate of March 12, 1959, the Secretary of the Senate received the following message from the House of Representatives on March 13, 1959:

That the House had passed, without amendment, the bill (S. 79) to amend the Federal Food, Drug, and Cosmetic Act to permit the temporary listing and certification of citrus red No. 2 for coloring mature oranges under tolerances found safe by the Secretary of Health, Education, and Welfare, so as to permit continuance of established coloring practice in the orange industry pending congressional consideration of general legislation for the listing and certification of food color additives under safe tolerances.

ENROLLED BILLS SIGNED DURING ADJOURNMENT

Under authority of the order of the Senate of March 12, 1959, the Vice President, on March 13, 1959, signed the following enrolled bills, which had been previously signed by the Speaker of the House of Representatives:

S. 50. An act to provide for the admission of the State of Hawaii into the Union; and
H.R. 2260. An act to extend the induction provisions of the Universal Military Training and Service Act, and for other purposes

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on March 13, 1959, he presented to the President of the United States the enrolled bill (S. 50) to provide for the admission of the State of Hawaii into the Union.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

MUTUAL SECURITY PROGRAM—MESSAGE FROM THE PRESIDENT

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was referred to the Committee on Foreign Relations.

(For President's message, see CONGRESSIONAL RECORD for March 13, 1959, pp. 3661-3665.)

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House

had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 1. An act to require a study to be conducted of the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway for navigation, and for other purposes;

H.R. 3293. An act to authorize the construction of modern naval vessels; and

H.R. 3368. An act to extend the special enlistment programs provided by section 262 of the Armed Forces Reserve Act of 1952, as amended.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 15) providing for the printing of the "Code of Ethics for Government Service" as a House document, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 79) to amend the Federal Food, Drug, and Cosmetic Act to permit the temporary listing and certification of citrus red No. 2 for coloring mature oranges under tolerances found safe by the Secretary of Health, Education, and Welfare, so as to permit continuance of established coloring practice in the orange industry pending congressional consideration of general legislation for the listing and certification of food color additives under safe tolerances, and it was signed by the Vice President.

HOUSE BILLS REFERRED OR ORDERED TO LIE ON THE TABLE

The following bills were severally read twice by their titles and ordered to lie on the table or referred as indicated:

H.R. 1. An act to require a study to be conducted of the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway for navigation, and for other purposes; ordered to lie on the table.

H.R. 3293. An act to authorize the construction of modern naval vessels; and

H.R. 3368. An act to extend the special enlistment program provided by section 262 of the Armed Forces Reserve Act of 1952, as amended; to the Committee on Armed Services.

HOUSE CONCURRENT RESOLUTION
REFERRED

The concurrent resolution (H. Con. Res. 15) providing for the printing of the Code of Ethics for Government Service as a House document, was referred to the Committee on Rules and Administration, as follows:

Resolved by the House of Representatives (the Senate concurring). That there shall be printed as a House document the "Code of Ethics for Government Service" as adopted by the Congress in H. Con. Res. 175, Eighty-fifth Congress. Such code shall be run in two colors and gold from letterpress plates reproducing engrossed artwork, hand lettered and appropriate for framing and office wall display. Stock for prints shall be one hundred and sixty pound white, size twelve and one-quarter inches by sixteen and one-quarter inches flat. Prints shall be inserted in white envelopes inside mailing brown envelopes of twenty-eight pound brown kraft, flaps sealed or tucked in with one corrugated board protector. In addition to the usual number, there shall be printed a sufficient number of extra copies to provide twenty-five copies for use and distribution by each Senator and each Representative. For the purposes of this resolution, the Delegate from Hawaii and the Resident Commissioner from Puerto Rico shall be considered as Representatives.

TRANSACTION OF ROUTINE
BUSINESS

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour for the transaction of routine business. I ask unanimous consent that statements in that connection be limited to 3 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

TRIBUTES TO SENATOR MANSFIELD
ON HIS BIRTHDAY ANNIVERSARY

Mr. JOHNSON of Texas. Mr. President, today is a very happy day for me. It is a little unusual to call the attention of the Senate to an individual's birthday.

I say to my friend, MIKE, do not leave the Chamber; I want you to hear this.

Mr. President, today is the birthday of the distinguished junior Senator from Montana [Mr. MANSFIELD]. I know that every Member of the Senate joins me in wishing him many happy returns of the day.

There is a reason for very sincerely feeling this way. Those of us who were privileged to serve with MIKE MANSFIELD in the House of Representatives, and who have served with him in the Senate, know there is no greater patriot in this country than MIKE MANSFIELD. He is a good man. He is a kind man. He is a fair man. He can be as aggressive as a tiger, and as mild and meek as a mother.

He is a tower of strength to the Senate leadership. Yesterday I saw him on television. I wish the Secretary of State could have heard what MIKE MANSFIELD said about him, because I know it would have improved his physical wellbeing. I wish the Commander in Chief, who is dealing with all the complex questions of a troubled world, could have heard MIKE MANSFIELD, because of the superb manner in which he

answered the questions, which, answered in another way, could have been provocative and creative of differences that would divide the Nation.

MIKE MANSFIELD never loses his head or his heart, and he has the heels to carry into effect the program that constitutes the greatest good for the greatest number.

MIKE MANSFIELD did not have the benefits of a formal education. He came from very humble surroundings. He ran away from home, and became a marine—a fact he never lets us forget—when the Marines are concerned with any matter that is under consideration on this floor.

He went down into the bowels of the earth and worked in the mines and he worked as a day laborer. He reflects his early contacts in his judgments on public questions.

He loves the people—spelled "p-e-e-p-u-l"; and he always votes for them. He wears no man's collar. He is a rugged, independent, individual thinker.

Mr. President, if I had more than 3 minutes at my disposal, I should like to say some other things about MIKE MANSFIELD. But I am going to sum up all of it by saying that, although Mrs. Johnson and I have never had a boy, if we had a boy and if he grew to manhood, we would like to have him become the kind of man MIKE MANSFIELD is.

Mr. DIRKSEN. Mr. President, I suppose one of the greatest theological minds and one of the most eloquent persons was the noted preacher, Henry Drummond, of Scotland. Not only was he a magnificent preacher; he was also an eminent scientist. He left us a great legacy in the form of a sermon on the 13th chapter of 1st Corinthians. The title is "The Greatest Thing in the World." It has probably been reprinted more than any other sermon; and someone had the vision to have it printed in small book form, so one can carry it with him. It is by all odds one of the most stimulating things I have ever read. Of course everyone knows the great line the remarkable sales manager, the Disciple Paul, left us—"And now abideth faith, hope, charity, these three; but the greatest of these is charity."

When the translators get busy, one never knows whether they will catch the spirit of the words of the Scriptures. Drummond said they made a mistake, that the word Paul used, properly translated, was not "charity," at all, but should have been translated "love," and that love is the greatest thing in the world.

Mr. President, I have watched MIKE MANSFIELD, and he is the most disarming man in the world. That was emphasized to me, because when I campaigned against him, I lost all heart for what I was doing. The reason I lost all heart for it was that I knew MIKE so well.

Many of us served together in the House of Representatives, and now we meet here in the Senate, as graduates of the school of "Mr. Speaker" RAYBURN. MIKE MANSFIELD is one; the majority leader, Mr. JOHNSON of Texas, is another; the Vice President is another. So, from the great confraternity of spirit engendered when we were colleagues in

the House, we got to know each other very well.

I have never heard MIKE MANSFIELD say a mean, unkindly, trivial, or vindictive thing about anyone, in season or out, regardless of whether a political campaign, with all its intensity, was in progress.

I come to one conclusion, and it is not difficult to state: It is that MIKE MANSFIELD's heart is filled with love for his fellow human beings. There is no other way to express our opinion of him. So I testify to him. And humble as he is, I suppose he would be the first to abjure it.

But, MIKE, in a purely personal sense we reciprocate your love, and we love you. I know of no better thing I can say to you.

Mr. WILEY. Mr. President, I like the custom that has been inaugurated. I think it is wise on a friend's birthday, before he passes on, to say nice things about him.

The other day, As I was coming to the Chamber, MIKE MANSFIELD passed. A bystander said, "Well, there goes quite a guy." Another said, "Yes; but look at his wonderful wife."

I can agree with everything that has been said about MIKE MANSFIELD, but I can also agree that his fine wife, who has been his companion through the years, and has stood shoulder to shoulder with him, has been his urge and his inspiration. She, too, must be the object of a word of praise in the Senate on MIKE's birthday.

Mr. BRIDGES. Mr. President, I wish to associate myself with the remarks of the distinguished majority leader, the distinguished minority leader, and the distinguished senior Senator from Wisconsin [Mr. WILEY], in the tributes they have paid to the junior Senator from Montana [Mr. MANSFIELD], the assistant majority leader, or whip of the Democratic majority in the Senate.

During the years I have known him, I have not only come to have deep affection for him, but to respect him greatly for his courage, his integrity, his forthrightness, and also his ability to work with others, which is a very essential quality in any man.

Mr. AIKEN. Mr. President, I shall not take up the time of the Senate in flowery testimony to the worth and fine attributes of the junior Senator from Montana [Mr. MANSFIELD]. He knows what I think of him without having the tribute printed in the CONGRESSIONAL RECORD. I should like to say, however, it is a good thing for the country that MIKE MANSFIELD was born.

Mr. GREEN. Mr. President, when the Democratic leader of the Senate spoke a few moments ago and paid tribute to our colleague, MIKE MANSFIELD, I felt that he expressed the sentiments of all of us so accurately that it was not necessary for an ordinary, garden-variety Member of the Senate to add to the statement. However, since certain members of the Republican Party have joined in the praise, I feel I should not let the occasion go unnoted, and that I, in behalf of the ordinary, garden-variety Democrat in the Senate, should add my

S. 1451

IN THE SENATE OF THE UNITED STATES

Mr. [Name] (by request) introduced the following bill which was read twice
and referred to the Committee on Foreign Relations:

A BILL

To amend the [Title of Bill]

Be it enacted by the Senate and House of Representa-
2 *tives of the United States of America in Congress assembled,*
3 *That this Act may be cited as the "Mutual Security Act of*

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

MARCH 18, 1959

Mr. FULBRIGHT (by request) introduced the following bill; which was read twice
and referred to the Committee on Foreign Relations

A BILL

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1959".

5 CHAPTER I—MILITARY ASSISTANCE

6 MILITARY ASSISTANCE

7 SEC. 101. Section 103 (a) of the Mutual Security Act
8 of 1954, as amended, which relates to military assistance, is
9 amended by striking out "1959" and "\$1,605,000,000" and
10 substituting "1960" and "\$1,600,000,000", respectively.

1 CHAPTER II—ECONOMIC ASSISTANCE

2 DEFENSE SUPPORT

3 SEC. 201. Section 131 (b) of the Mutual Security Act
4 of 1954, as amended, which relates to defense support, is
5 amended by striking out “1959” and “\$810,000,000” and
6 substituting “1960” and “\$835,000,000”, respectively.

7 DEVELOPMENT LOAN FUND

8 SEC. 202. Title II of chapter II of the Mutual Security
9 Act of 1954, as amended, which relates to the Develop-
10 ment Loan Fund, is amended as follows:

11 (a) In section 203, which relates to capitalization,
12 strike out “(a)”; and insert before the period at the end
13 of the second sentence “, and for advances to the Fund be-
14 ginning in the fiscal year 1960, not to exceed
15 \$700,000,000”.

16 (b) In section 204 (b), which relates to fiscal pro-
17 visions, strike out “(a)” in the second sentence.

18 (c) Amend section 205, which relates to management,
19 powers, and authorities, as follows:

20 (1) In subsection (b), strike out “three” in the second
21 sentence and substitute “four”.

22 (2) In subsection (c), strike out the last sentence.

TECHNICAL COOPERATION

SEC. 203. Title III of chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "\$150,000,000" and "1959" and substitute "\$179,500,000" and "1960", respectively.

(b) Amend section 306, which relates to multilateral technical cooperation and related programs, as follows:

(1) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance and related fund, strike out "\$20,000,000" and "1959" and substitute "\$30,000,000" and "1960", respectively.

(2) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1959" and substitute "1960".

(c) In section 308, which relates to the International Development Advisory Board, insert "or officers" after "officer" in the first sentence and strike out "to administer this title" in that sentence.

1 SPECIAL ASSISTANCE AND OTHER PROGRAMS

2 SEC. 204. Title IV of chapter II of the Mutual Security
3 Act of 1954, as amended, which relates to special assistance
4 and other programs, is amended as follows:

5 (a) In section 400 (a), which relates to special assist-
6 ance, strike out "1959" and "\$202,500,000" and substitute
7 "1960" and "\$271,800,000", respectively.

8 (b) Insert after section 400 the following new section:

9 "SEC. 401. UNITED NATIONS EMERGENCY FORCE.—
10 The Congress of the United States, recognizing the important
11 contribution of the United Nations Emergency Force to in-
12 ternational peace and security, declares it to be the policy
13 of the United States and the purpose of this section to sup-
14 port the United Nations Emergency Force. The President
15 is hereby authorized to use during the fiscal year 1960
16 funds made available pursuant to section 400 (a) of this
17 Act for contributions on a voluntary basis to the budget of
18 the United Nations Emergency Force."

19 (c) In section 402, which relates to earmarking of
20 funds, strike out "1959" in the first sentence and substitute
21 "1960".

22 (d) In section 403, which relates to responsibilities in
23 Germany, strike out "1959" and "\$8,200,000" in the first
24 sentence and substitute "1960" and "\$7,500,000", respec-
25 tively.

1 (e) Amend section 405, which relates to inigrants,
2 refugees, and escapees, as follows:

3 (1) In subsection (c), strike out "1959" and "\$1,-
4 200,000" and substitute "1960" and "\$1,100,000",
5 respectively.

6 (2) In subsection (d), strike out "1959" and "\$8,-
7 600,000" and substitute "1960" and "\$5,200,000",
8 respectively.

9 (f) In section 406, which relates to children's welfare,
10 strike out "\$11,000,000" and "1959" and substitute "\$12,-
11 000,000" and "1960", respectively.

12 (g) In section 407, which relates to Palestine refugees
13 in the Near East, strike out "1959" in the first sentence
14 and substitute "1960".

15 (h) In section 408 (c), which relates to the North
16 Atlantic Treaty Organization, strike out "four" and substi-
17 tute "five".

18 (i) In section 409 (c), which relates to ocean freight
19 charges, strike out "1959" and "\$2,100,000" and substitute
20 "1960" and "\$2,300,000", respectively.

21 (j) Section 410, which relates to Control Act expenses,
22 is repealed.

1 (k) Amend section 411, which relates to administrative
2 and other expenses, as follows:

3 (1) In subsection (b), strike out “1959” and “\$33,-
4 000,000” and substitute “1960” and “\$39,500,000”, respec-
5 tively.

6 (2) In subsection (c), strike out “, not to exceed
7 \$7,000,000 in any fiscal year,”; and insert before the period
8 “, and for expenses of carrying out the objectives of the
9 Mutual Defense Assistance Control Act of 1951 (22 U.S.C.
10 1611) : *Provided*, That, in addition, funds made available for
11 carrying out chapter I of this Act shall be available for
12 carrying out the objectives of the Mutual Defense Assist-
13 ance Control Act of 1951 in such amounts as the President
14 may direct”.

15 (l) Amend section 413 (b) (4), which relates to en-
16 couragement of free enterprise and private participation, as
17 follows:

18 (1) In subparagraph (B) (ii), insert before the semi-
19 colon “, revolution, insurrection, or civil strife arising in
20 connection with war, revolution, or insurrection”.

21 (2) In subparagraph (F), strike out “\$500,000,000”
22 and substitute “\$1,000,000,000”.

23 (m) In section 419 (a), which relates to atoms for
24 peace, strike out “1959” and “\$5,500,000” in the second

1 sentence and substitute "1960" and "\$6,500,000", respec-
2 tively.

3 CHAPTER III—CONTINGENCY FUND

4 SEC. 301. Section 451 (b) of the Mutual Security Act
5 of 1954, as amended, which relates to the President's special
6 authority and contingency fund, is amended by striking out
7 "1959" and "\$155,000,000" in the first sentence and sub-
8 stituting "1960" and "\$200,000,000", respectively.

9 CHAPTER IV—GENERAL AND ADMINISTRATIVE

10 PROVISIONS

11 SEC. 401. Chapter IV of the Mutual Security Act of
12 1954, as amended, which relates to general and administra-
13 tive provisions, is amended as follows:

14 (a) In section 505 (b), which relates to loan assistance
15 and sales, strike out the third sentence and substitute the
16 following: "United States dollars received in repayment of
17 principal and payment of interest on any loan made under
18 this section shall be deposited into miscellaneous receipts
19 of the Treasury. Foreign currencies received in repayment
20 of principal and payment of interest on any such loan may be
21 sold by the Secretary of the Treasury to United States
22 Government agencies for payment of their obligations abroad
23 and the United States dollars received as reimbursement
24 shall also be deposited into miscellaneous receipts of the

1 Treasury. Foreign currencies so received which are in excess
2 of the requirements of the United States in the payment
3 of its obligations abroad, as such requirements may be
4 determined from time to time by the President, shall be
5 credited to the Development Loan Fund, and, notwithstand-
6 ing section 1415 of the Supplemental Appropriation Act,
7 1953, or any other provision of law relating to the use of
8 foreign currencies or other receipts accruing to the United
9 States, shall be available for use for purposes of title II of
10 chapter II of this Act.”.

11 (b) In section 516, which relates to prohibition against
12 debt retirement, insert before the period “: *Provided further,*
13 That in the event the President determines that use of a
14 specified amount of counterpart in any particular country for
15 purposes other than that prohibited by this section would
16 adversely affect economic and financial stabilization of that
17 country, such counterpart may be used without regard to
18 the restrictions of this section”.

19 (c) In section 527 (b), which relates to employment
20 of personnel, strike out “sixty” and “thirty-five” in the first
21 sentence and substitute “seventy-five” and “fifty”, respec-
22 tively.

23 (d) Amend section 537, which relates to provisions on
24 uses of funds, as follows:

1 (1) In paragraph (5) of subsection (a), strike out
2 "\$3,300" and substitute "\$3,800".

3 (2) In subsection (c), strike out "\$26,000,000" and
4 substitute "\$27,750,000".

5 (e) In section 543 (d), which relates to saving pro-
6 visions, strike out the words between "repealed" and "shall"
7 in the first sentence and substitute "subsequent to the time
8 such funds are appropriated"; insert "or subsequent Acts"
9 after "1957" both times it appears in the second sentence;
10 and strike out the last sentence.

11 (f) Section 549, which relates to special provisions on
12 availability of funds, is repealed.

13 CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH;

14 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERA-
15 TION

16 INTERNATIONAL COOPERATION IN HEALTH

17 SEC. 501. The Congress of the United States recognizes
18 that large areas of the world are being ravaged by diseases
19 and other health deficiencies which are causing widespread
20 suffering, debility, and death, and are seriously deterring the
21 efforts of peoples in such areas to develop their resources and
22 productive capacities and to improve their living conditions.
23 The Congress also recognizes that international efforts are
24 needed to assist such peoples in bringing diseases and other

1 health deficiencies under control, in preventing their spread
2 or reappearance, and in eliminating their basic causes. Ac-
3 cordingly, the Congress affirms that it is the policy of the
4 United States to accelerate its efforts to encourage and sup-
5 port international cooperation in programs directed toward
6 the conquest of diseases and other health deficiencies.

7 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

8 SEC. 502. To enable the United States to maintain mem-
9 bership in the Colombo Plan Council for Technical Coop-
10 eration, there is hereby authorized to be appropriated from
11 time to time to the Department of State such sums as may
12 be necessary for the payment by the United States of its
13 share of the expenses of the Colombo Plan Council for Tech-
14 nical Cooperation.

A BILL

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

By Mr. FULBRIGHT

MARCH 18, 1959

Read twice and referred to the Committee on
Foreign Relations

Mr. MORTON), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

INCORPORATION OF AGRICULTURAL HALL OF FAME

Mr. CARLSON. Mr. President, the Agricultural Hall of Fame, which was permanently located near Kansas City, Kans., at a recent meeting of the executive committee is well on the way toward actual construction.

The architect's plans have been submitted and generally approved. When completed, it will truly be a shrine for agriculture.

I am today introducing, in behalf of myself and the Senator from New Mexico [Mr. ANDERSON] a bill which would provide for the incorporation of the Agricultural Hall of Fame.

I ask unanimous consent that this bill lie on the Vice President's desk until the end of the session next Monday, in order that other Members might have an opportunity to cosponsor if they so desire.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Kansas.

The bill (S. 1449) to incorporate the Agricultural Hall of Fame, introduced by Mr. CARLSON, was received; read twice by its title, and referred to the Committee on the Judiciary.

AMENDMENT OF INTERSTATE COMMERCE ACT, RELATING TO DISCONTINUANCE OF CERTAIN TRAINS AND FERRIES

Mr. WILLIAMS of New Jersey. Mr. President, I introduce, for appropriate reference, a bill to amend section 13a(1) of the Interstate Commerce Act. The section was enacted into law last year as part of the Transportation Act of 1958. Briefly, section 13a(1) speeds up the procedure for abandonment of train or ferry service by railroads. The Interstate Commerce Commission is given the right to supersede State jurisdiction; the Commission is not required to hold a public hearing, or to conduct an investigation.

I need not describe the conditions under which the Transportation Act was passed. It was the result of intensive, widespread hearings at which representatives of the railroads of this nation described the financial emergency which now faces them. The act permits widespread, constructive steps to help this basic American industry.

Two complaints, however, have been raised against section 13a(1). New Jersey State officials and commuter groups protested when the ICC did not grant a hearing on the New York Central system petition to abandon its Hudson River ferry service. The other complaint was that—even when the Interstate Commerce Commission does institute an investigation and conduct hearings, severe limitations are imposed by the present law as to the time within

which the Interstate Commerce Commission may exercise its jurisdiction. Such time limits, it has been charged, do not permit full investigation and public hearing. A representative of the ICC has made a similar complaint to members of my staff.

In New Jersey, and in other important areas of the United States, these complaints were given additional urgency by the threat of large-scale breakdowns within the transportation networks now serving large metropolitan areas. Public alarm over this threat is great, particularly since State and local governments have no working plan to replace rail service. The amendment I propose today fill, I am aware, not give us any such working plan; that is still the duty of the State and local governments.

But it may help give the officials the time they need to work out a plan which will preserve our transportation system.

I am aware, of course, that several of my colleagues introduced S. 1331 on March 9. Their bill also would place the entire discontinuance problem under the present procedures for line abandonment. Certain provisions of that proposal would, however, in my opinion, be too far-reaching for acceptance by the Congress. I believe that the practical facts of life dictate the need for a more limited alternative, if anything is to prevail. The bill I am introducing today is an attempt to give the action we need while maintaining chances of acceptance.

The provisions of section 13a(1) appear to have given insufficient recognition to established procedures and familiar provisions for a review under the Interstate Commerce Act. The bill I am introducing would amend the present law by requiring an investigation as to public convenience and necessity and put the burden on the Interstate Commerce Commission and a mandatory hearing in every instance. While the bill requires expedited action in these cases, the arbitrary limitation upon the Commission's final order is removed. I would assume that the ICC would act with the maximum promptness consistent with reasonable opportunity for hearing, and the service would continue to be operated by the railroad. The urgency of prompt action on this corrective legislation makes it necessary, it seems to me, that we avoid involving any other provisions of the Interstate Commerce Act unnecessarily, such as the long-established provisions for total abandonment of a line of railroad. These frequently affect freight services and other major issues requiring consideration of additional and complex factors. It is preferable to act promptly in correcting the difficulties encountered in section 13a(1) before the burdens on the carrier and the procedural uncertainty of that paragraph result in the elimination of the remaining commutation services.

In my opinion, this bill represents a less drastic approach than that proposed in S. 1331. Consequently, its terms offer a better opportunity for relief to commuters because its chance of passage

would be considerably greater than that of a measure that offers more far-reaching changes in the present statute.

In presenting this bill, I have no illusion that it will cure the problems of railroad commuters or the metropolitan areas in their efforts to move the increasing millions of suburban dwellers to and from their work. This will require prompt, cooperative and very expensive action by the States and the municipalities as well as sacrifices by both the riders and the railroads.

Therefore, I ask unanimous consent to have printed in the RECORD as a part of my remarks a summary of the bill I have introduced.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the summary of the bill will be printed in the RECORD.

The bill (S. 1450) to amend section 13a(1) of the Interstate Commerce Act, as amended, relative to the discontinuance or change of the operation of certain trains or ferries, introduced by Mr. WILLIAMS of New Jersey, was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

The summary presented by Mr. WILLIAMS of New Jersey is as follows:

SUMMARY OF CHANGES PROPOSED IN SECTION 13A(1) OF THE INTERSTATE COMMERCE ACT IN REGARD TO DISCONTINUANCE OR CHANGE OF TRAINS OR FERRIES OPERATING ACROSS STATE LINES

The bill would make the following changes in section 13a(1) of the Interstate Commerce Act that pertains to discontinuance of trains or ferries crossing State lines.

1. Add a requirement that investigation and hearing by the Interstate Commerce Commission on proposed discontinuance of train or ferry service be mandatory to replace the present provision of the law that leaves the holding of an investigation of the proposed discontinuance or change to the discretion of the Interstate Commerce Commission.

2. The present law provides that 30 days' notice of the proposed discontinuance or change be given by the railroads to the governor of each State in which such train or ferry is operated and by posting in the facilities affected. This bill would require in addition that notice be given by the Interstate Commerce Commission to the governor of each State in which a train or ferry proposed to be discontinued is operated, at least 30 days prior to the beginning of the hearing.

3. The present law provides that upon institution of an investigation of the proposed discontinuance or change, the Commission may require the railroad to continue to operate the service for a period not longer than 4 months beyond the date when the discontinuance or change would have become effective. Thus at present if the Commission cannot complete its investigation within that time and issue its order, the railroad is free at the end of the 4 months' period to discontinue the service. This bill would eliminate this restriction on time to allow the Commission adequate time to conclude its investigation and make known its findings.

4. The present act further leaves it to the discretion of the ICC as to whether the service proposed to be discontinued shall be continued in operation pending hearing and decision by the Commission. This bill would make it mandatory that such serv-

ice be continued until hearing and decisions in such investigation.

5. Finally, the bill would require the Interstate Commerce Commission, upon instituting the required investigation, to give the carrier proposing the discontinuance or change of service, notice at least 7 days prior to the proposed effective date of the discontinuance that such service must be continued in operation. The present act provides that 10 days' notice shall be given.

AMENDMENT OF MUTUAL SECURITY ACT OF 1954, AS AMENDED

Mr. FULBRIGHT. Mr. President, I introduce a bill to give effect to the President's message of March 13 requesting the appropriation of \$3,929,995,000 for the 1960 mutual security program, and ask for its appropriate referral.

This bill was prepared by the executive branch of the Government, and for that reason I introduce it by request, reserving my right to support it in whole or in part, and to offer amendments as may seem appropriate.

Mr. President, in introducing this bill, I invite attention to two sentences from the President's message.

First:

The mutual security program which I propose for fiscal year 1960 is in the same pattern and has the same component parts as the program which the Congress enacted at the last session.

Second. In requesting funds for the Development Loan Fund, the President stated:

This sum (\$700 million) will allow the Fund a level of activity no higher than it established in its first year of operation.

In other words, Mr. President, we are offered the same program we now have.

In defense, in our domestic economy, and in our foreign relations, the administration seems to be unaware of the depth and scope of the Soviet challenge. There is no evidence that the administration is now or ever will be willing to urge the American people to take in one notch on our belt to deal with a Soviet challenge which confronts us in missiles, arms, and just downright capacity to produce.

How many Americans would be complacent if the President were to tell them this simple fact: Since 1955, the Soviet gross national product has been growing at a rate of about 8 percent each year; the Chinese Communist gross national product at the rate of approximately 10 percent; and the American gross national product at a rate of only a little over 1 percent?

The President's message on foreign aid reads:

We have the capacity and the national program to surmount these dangers and many more.

I agree, Mr. President, we do have the capacity. We have the capacity but not the program.

I believe that the people of America will rise to the needs of our situation if they are clearly told what is at stake. They certainly would be willing to be taxed if it is necessary to survival. But I am not sure the administration agrees with even that simple proposition.

I am fully aware that foreign aid is not a very palatable program in this country. Some of the stories of maladministration fill one with despair and with frustration. The preoccupation of the administration with military assistance to the underdeveloped countries, and its half-hearted response to their economic needs, makes it difficult for Members of Congress to justify the aid program.

Having said these things, however, I must add that I am in agreement with the administration on the fundamental concept that the security of the United States requires that we continue to invest funds in the development of underdeveloped areas. We of the West cannot expect to survive forever if we grow richer while the bulk of mankind grows poorer. Survival requires adaptability and imagination, not rigidity—the kind of rigidity evidenced by this bill.

I anticipate that the Committee on Foreign Relations will begin consideration of the Mutual Security Act of 1959 about April 15. This will afford time for interested members of the public to familiarize themselves with the bill which I am introducing today. This will also allow time for Americans to communicate with their Senators to make their views known regarding the nature of the legislation which should be approved by the Congress. In this connection, I would especially invite the public to communicate not with me, but with their own Senators with respect to their views on the subjects I have listed above.

I hope Members of the Senate desiring to present amendments will do so in sufficient time so that the committee may give such amendments most careful consideration prior to reporting the Mutual Security Act to the Senate.

THE PRESIDING OFFICER. (Mr. WILLIAMS of New Jersey in the chair). The bill will be received and appropriately referred.

The bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, introduced by Mr. FULBRIGHT, by request, was received, read twice by its title, and referred to the Committee on Foreign Relations.

PROPOSED LEGISLATION TO GIVE THE PRESIDENT STANDBY CONTROLS OVER PRICES, WAGES, AND RENTS

Mr. NEUBERGER. Mr. President, I introduce, for appropriate reference, a bill to give the President of the United States authority to establish standby controls over prices, wages, and rents whenever a national emergency exists—either from the military or economic standpoint. The able senior Senator from Wisconsin [Mr. WILEY] is joining me as cosponsor.

I believe we can do no less than this if we are serious about our efforts to control inflation. Much of the talk about inflation has been swatting flies; now I propose that we drain the swamp.

We are told that a balanced budget will prevent inflation. I think we must

face up to balancing the budget. For that reason, I have offered four bills to increase Federal revenues, including an excess profits tax to reach windfall profits. Yet the basic fact remains that, during the late 1940's, we experienced sharp inflation during years when we not only balanced the budget but also set aside substantial Federal Treasury surpluses. So that is not the final answer.

Today there are in America monopolistic industries which can administer higher prices despite the consumer drop in demand for their products. This has happened on many occasions. We also have powerful labor unions which can levy demands for higher wages, to the detriment price-wise of groups of fellow workers who lack this cohesive and forceful type of organization. The total impact on the weaker groups in our society is often catastrophic, especially in maintaining a decent standard of living.

AUTHORITY PROVIDES SAFEGUARD

This is why I believe any Chief Executive must have standby authority to safeguard the American people from the steady erosion of rising prices, wages, and rents.

Mr. President, the year 1959 may well be noted by historians who will chronicle events occurring in the United States during this period as the time of The Great Economic Debate.

No single consideration has so threaded through public discussion of issues by Government officials, Congressmen, and private citizens. This factor appears destined to play a critical role in policy determination in the fields of foreign affairs, agriculture, welfare, resources development, and defense. It has made obscure academic economists national figures, enlarged the language with new nouns, such as spenders, seller's inflation, budget flap, and administered prices, and made a financial pundit of the man in the street. It has posed such puzzling philosophical and fiscal questions as, "Can we afford peace"? and "Is provision for need possible with fiscal responsibility"?

Perhaps no basic issue has so exemplified our current obsession with the economic ramifications of national and international affairs as the question of inflation. It has become, in effect, a symbol of our concentration on the economic aspect of public policy in all fields. Public discussion of this issue has, of course, resulted in much useful analysis, information, and clarification. I propose to review some of this material today and to suggest procedures which I believe will permit us to take efficacious action in connection with this problem. I hope that I will contribute not only to the volume, but also the substance of the debate.

INFLATION DYNAMIC CONCEPT

Inflation is the phenomenon of a generally rising price level over time; it is a dynamic concept. The presence of inflation cannot be determined to exist at a particular instant—it does not mean, for instance, high prices. It can be studied only within the context of historical perspective.

June 1, 1959

11. WATER RIGHTS. Received a Nev. Legislature resolution urging the enactment of legislation to provide that the States have primary responsibility for water resources within their boundaries. pp. 8449-50
12. RECLAMATION. A subcommittee of the Interior and Insular Affairs Committee ordered reported with amendments, on May 29, S. 281, to authorize Interior to construct a reregulating reservoir and other works at the Burns Creek Site in the upper Snake River Valley, Idaho. p. D414
Received from Interior a project proposal in the Jackson Valley Irrigation District, at Ione, Calif., under the Small Reclamation Projects Act of 1956; to Interior and Insular Affairs Committee. p. 8449
13. ADMINISTRATIVE ORDERS. Received from the Administrative Office of the U. S. Courts, D. C., a proposed bill "to provide for reasonable notice of applications to the U. S. courts of appeals for interlocutory relief against the orders of certain administrative agencies"; to Judiciary Committee. p. 8449
14. FOREIGN AID. Sen. Mansfield inserted and discussed amendments he intends to propose to S. 1451, the mutual security extension bill, to curtail certain grants under the program. pp. 8475-8
Sens. Young, Ohio, and Gruening urged greater economy in the foreign aid program. pp. 8478-80

HOUSE

15. ALASKA. Passed with amendments H. R. 7120, to amend certain laws of the U. S. in the light of admission of Alaska into the Union. pp. 8529-43
Agreed to an amendment by Rep. O'Brien which would limit the President's authority to transfer certain property to Alaska for airports, mental health, and highway construction and maintenance. pp. 8542-3
As passed, the bill includes sections defining Alaska's status under the following acts and subjects: Sugar Act, Soil Bank Act, Soil Conservation and Domestic Allotment Act, wildlife and fish restoration, importation of milk and cream, Water Pollution Control Act, Federal Property and Administrative Services Act, and timber removal.
16. FORESTRY. The Public Lands Subcommittee of the Interior and Insular Affairs Committee voted to report (but did not actually report) to the full committee H. R. 3682, to permit the processing of certain applications under the Small Tracts Act for lands included in the Caribou and Targhee National Forests by the act of August 14, 1958. p. D416
17. REORGANIZATION. Rep. McCormack asked and received consent that H. R. 5140, to extend for 2 years the Reorganization Act of 1949, be passed over without prejudice since it is scheduled for consideration tomorrow, June 2. p. 8520
18. LEGISLATIVE BRANCH APPROPRIATION BILL. Passed without amendment this bill, H. R. 7453. pp. 8525-9
19. PROPERTY. Passed as reported S. 900, to extend the authority of GSA to pay direct expenses in connection with the utilization of excess real property. p. 8520
20. ACCOUNTING; PERSONNEL. Passed without amendment H. R. 6134, to amend the Federal Employees Pay Act of 1945 so as to eliminate the authority to charge to certain current appropriations or allotments the gross amount of the salary earnings of Federal employees for certain pay periods occurring in part in previous fiscal years. pp. 8521-2

21. WATER. Received from the Oregon state legislature two memorials urging Congress to respect state and individual water rights. pp. 8543-4
Received from the Nevada Legislature a memorial urging legislation to define the waters originating on federally owned or controlled lands which contribute to flowing or moving surface or ground waters. p. 8553
22. INTEREST RATES. Rep. Patman criticized the Federal Reserve's Open Market Committee activities as "acting for and on behalf of Congress, not only when it determines interest rates but when it determines how much money and credit shall be available to business, farmers, and consumers ...," and attacked the "trickle down theory" which he associated with the Eisenhower Administration. pp. 8546-8
23. HOUSING. Received from the Comptroller General a report on the audit of the Federal Housing Administration, Housing and Home Finance Agency for fiscal year 1958 (H. Doc. 162). p. 8552
24. FARM PROGRAM. Received from the Texas Legislature a memorial relative to the role of the small farmer and small communities in preserving our way of life. p. 8553
25. SMALL BUSINESS LOANS TO FARMERS. Received from the Texas Legislature a memorial urging Congress and the President to request the executive and legislative departments to issue the necessary administrative ruling or to pass the necessary legislation making poultry, egg, hog, and milk producers eligible for loan from the Small Business Administration. p. 8553
26. FOOD COSTS. This office has received copies of a House Agriculture Committee print, "Food Cost Trends: A Compilation of Data Relating Consumer and Farm Prices of Food." In a foreward to the bulletin, Rep. Cooley stated that the study "shows the widening spread between the price the farmer receives and what the consumer pays, for food."

ITEMS IN APPENDIX

27. LIBRARY SERVICES. Extension of remarks of Sen. Hill expressing his "deep personal interest in improving and expanding library facilities ...," and stating that he is proud to have been the author in the Senate of the Library Services Act, and inserting an article on this subject. pp. A4581-3
28. FARM PROGRAM. Sen. Ervin inserted recent addresses by Sen. Symington and Sen. Hartke criticizing various programs of the administration, including the farm program. pp. A4583-4, A4587-8
Rep. Coad inserted Duane Orton's statement before the House Agriculture Subcommittee on Livestock and Feed Grains outlining his plan for the solution of the farm problem. pp. A4631-2
Rep. Green inserted a speech by Al Whitehouse, AFL-CIO, critical of labor standards, the administration of the surplus disposal program by this Department, and the increased expenditures for price support programs. pp. A4638-41
29. ELECTRIFICATION. Sen. Neuberger inserted an editorial, "Bonneville Corporation Fair To All." p. A4590
Extension of remarks of Sen. Kuchel opposing a proposal to have private development of the power facilities of the Central Valley project. pp. A4602-3

ment, education, and entertainment of the world.

We in America are proud of the many sons and daughters of noble Poland who have settled in our midst and who have done so much to make our Nation great. We are pleased that through patriotic, fraternal, and civic organizations they have maintained and preserved the fine traditions and heritage of their native land, while at the same time remaining loyal to America.

Poland's genius through the years has been dedicated to freedom and progress and culture. It is therefore doubly important for all of us on this occasion to rededicate ourselves to work and pray for the day when Poland will be free of the yoke of their Communist overlords. By every means possible, we must assure the Polish people that they are not forgotten and that we are striving for the day when they will once more bask in the sunlight of freedom. God grant that day will not be long delayed.

In his message of proclamation Governor Rockefeller voiced eloquently the sentiments of many of us during Polish Culture Week. I ask unanimous consent to have the proclamation printed in the RECORD, following my remarks.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

It gives me great pleasure to pay official tribute to the contributions of Poland and her people to the cultural development of western civilization, which are many and magnificent.

Since the dawn of her recorded history, 1,000 years ago, Poland has always held fast to the ideals of western civilization based on the Graeco-Roman and Christian tradition. For centuries she defended Europe against the forces of Tartars, Mongols, Turks, and Muscovites. Her mission as a bulwark of Christianity enabled Europe to develop freely.

Apart from giving the world such champions of Christendom as King Wladyslaw of Warma and King John Sobieski, Poland steadily carried aloft the torch of education and progress. Her oldest university—Jagielon in Krakow—is 600 years old. The great Nicolaus Copernicus was one of its most illustrious pupils.

The annals of learning and arts are adorned with Polish names: Reymont, Kasproicz, Przybyszewski, Kochanowski, Mickiewicz, Sienkiewicz, and Conrad, in literature; Chopin, Szymanowski, Paderewski, and Rubinstein, in music; Matejko, Siemieradzki, and Styka, in painting; Sklodowska-Curie, Wroblewski, Olszewski, Smoluchowski, Natanson, Raciborski, Godlewski, and Cybulski, in the sciences, are but a few examples of Poland's contribution to the culture of the world.

Poland has maintained and developed her culture in the face of tremendous odds. Her people continue to do so today, in defiance of the alien ideology now imposed upon them.

Now, therefore, I, Nelson A. Rockefeller, Governor of the State of New York, do hereby proclaim May 24-30, 1959, as Polish Culture Week in New York State, and I urge the people of New York to pay tribute to the undaunted spirit of the people of Poland and the glorious traditions of their culture.

Given under my hand in the city of New York and the privy seal of the State at the capitol in the city of Albany this 22d day of May 1959.

NELSON A. ROCKEFELLER.

By the Governor.

HARRY J. O'DONNELL,

Assistant Secretary to the Governor.

Mr. MANSFIELD. Mr. President, is morning business concluded?

The PRESIDING OFFICER (Mr. McGEE in the chair). Is there further morning business? If not, morning business is concluded.

AGRICULTURAL APPROPRIATIONS FOR FISCAL YEAR 1960

Mr. MANSFIELD. Mr. President, I ask that Calendar No. 317, House bill 7175, which is the agricultural appropriation bill, be laid before the Senate.

There being no objection, the Senate resumed the consideration of the bill (H.R. 7175) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1960, and for other purposes.

PROPOSED AMENDMENTS TO MUTUAL SECURITY ACT

Mr. MANSFIELD. Mr. President, on May 15, I advised the Senate that I intended to propose several amendments to the Mutual Security Act, S. 1451. A few days later the Acting Director of the International Cooperation Administration appeared before the Committee on Foreign Relations to argue for the foreign-aid program. His testimony had much to do with why the Senate should vote against the amendments which I had intended to propose.

I regret, Mr. President, that the Acting Director of ICA, for whom I have a very high regard, saw fit to react in this fashion. He had not seen the amendments for the simple reason that they had not been introduced. Nevertheless, he assailed them. His statement was not so much an expression on S. 1451 as it was an impassioned insistence that nothing must change in the way the executive branch proposes to dispense almost \$4 billion in public funds under this legislation. Any change, he implied, would be a futile attempt to "legislate away the problems of this mid-20th century." Had I the desire to engage in that sort of polemics, I suppose I might say this in return: If you cannot legislate away the problems of this mid-20th century, much less can you spend them away with never-ending grants of foreign aid.

But, Mr. President, I am not interested in winning debates. What I am interested in is the recasting of the foreign aid program in a fashion which will gain for it a greater measure of acceptance among the people of this Nation and among recipient peoples abroad, a recasting which will make it more useful and effective.

Some may ask, Why not leave the aid program alone? That question has been asked many times. Why not follow the usual procedure of inflicting a sizable cut in the administration's request for foreign aid and let it go at that? I cannot accept that course any longer, Mr. President. I cannot accept it because it does not come to grips with the basic problems of this program. I cannot accept it because, at best, it merely puts off until tomorrow the day of reckoning. I cannot accept it because, in the end,

that course threatens to destroy what is essential to the Nation, what is desirable in this program along with much that is nonessential and undesirable.

I believe I have a deep awareness of the importance of foreign aid to the welfare and safety of the United States. Certainly I have accepted and supported the concept and practice of this program as a part of the Nation's foreign relations since its inception. But I have not in the past, and I do not, now accept the foreign aid program in an uncritical sense. No part of this program, as far as I am concerned, is sacrosanct. Some of it is damaging and costly. Much of it can be improved. In my opinion, it must be improved if it is to survive as a useful instrument of the foreign policy of this Nation and of the expansion of human freedom in the world.

Those who are immersed in the administration of foreign aid may indeed have been shocked by my remarks of May 15. It is rarely easy to recognize and accept the necessity for change in matters which affect us most closely. However, I can assure them and the Senate that the remarks which I made on May 15 were not intended to be shocking, except in a constructive sense. The remarks which I make today are, I trust, cast in the same mold.

PROPOSED CHANGES

These remarks, Mr. President, are preliminary to the offering of five amendments to S. 1451. If these amendments are adopted by the Congress and administered with a cooperative spirit by the executive branch, they should produce these visible effects in the foreign aid program.

First. Information on the total cost of the aid program in any recipient country, now in large measure classified, will be public information.

Second. Those who administer foreign policy and the aid program will plan for the progressive reduction and eventual elimination of massive and continuing grants. I emphasize that I am talking only about grants under the categories of defense support and special assistance. I am not talking about loans or point 4. These massive grants of defense support and special assistance will not be terminated in a single stroke, with all the dangers of chaos which might ensue. Rather, they will be reduced, gradually, progressively between now and 1963.

Third. The ICA—the present aid-administering agency—will be dissolved as a distinct official personality of this Government. Its necessary functions and personnel will become fully integrated parts of the Departments of State and Defense.

Fourth. The control of the Secretary of State, under the President, will be strengthened over all forms of foreign aid, including military assistance.

Fifth. The budgeting of military assistance will henceforth be juxtaposed with the budgeting for the domestic Defense Establishment to make certain that each dollar spent for such aid is better spent abroad than at home.

ENDING SECRECY ON MILITARY AID FIGURES

Mr. President, I do not want the Senate to have any misunderstanding about the significance of these changes. They are not intended to be minor. They are not intended to alter form but leave the substance of the program unchanged. They are designed to work profound changes in the concept and operation of foreign aid.

Take, for example, the amendment which is designed to end the secrecy as to aid figures for each recipient nation. It will require the executive branch to state frankly and directly how much money it is spending in each recipient country and to face up itself to the realities and the implications of these costs.

I would not propose this amendment if I thought that there was some compelling reason of national security which required the classification of the figures for military aid grants. Is there really such a reason? Let us ask ourselves this: Do we attempt to conceal the amount which we ourselves spend annually on our own Defense Establishment, a far more significant figure, it seems to me, in terms of security than a military aid figure? Of course we do not classify this figure. We would not tolerate for a moment any attempt to conceal that figure from the people of the United States who must pay to maintain the establishment.

Moreover, as I pointed out in my remarks on May 15, the military aid figures for individual countries—now officially classified secret—can frequently be obtained from public sources both here and abroad if one has the time and patience to search them out. In the light of these observations, is "preposterous" too strong a term to use to describe the security classification of "secret" on the amount of military aid which goes to any recipient country?

The principal effect of the present classification practice, as I see it, is to deny to the people of the United States essential information on the use of public funds, information needed for the development of rational judgments on specific aid programs.

I do not question the necessity for continuing military aid in some countries. I most certainly question it in others; and, in still others, I question its present level.

In general terms, it is not difficult to justify the concept of military aid as an instrument of international relations and, this, the executive branch has done. But, Mr. President, it is time to go from the general to the specific. We must begin to ask ourselves not, is military aid a good idea. We must begin to ask ourselves, Is military aid essential in X country or Y country? Is the level of it too high in Z country?

The first step in asking and answering these questions in a rational fashion is to get into public view a full picture of what countries now receive this aid and in what amounts. The mere publication of these figures, the mere knowledge that they will be published, should act to discourage the program from seeping—as it now tends to do—into any nation

which will have it, at almost any level of expenditure which Congress will tolerate, with less and less specific relationship to the rational needs of national security and foreign policy.

I should be reassured, Mr. President, as to the rationality with which the military aid program has been administered, if I could find evidence that once in a while, the executive branch turns down requests of other governments for the establishment of U.S. military aid missions and military aid programs—just once. A search of readily available sources, however, indicates that in all the years of this program, with one or two possible exceptions, no nation so requesting, has been refused a regular military aid program. There may be others, Mr. President, but I have not been able to discover them. In the meantime, the aid program has sprawled into 40 or more nations, large and small, all presumably in the interests of our national security.

TERMINATION OF GRANT AID

I turn now, Mr. President, to another of the changes which may be brought about by the amendments that I am submitting today. The executive branch will be required to submit for each country receiving such aid, a plan for a progressive reduction in massive grants of nonmilitary aid. Will the point 4 program, with its warm and friendly appeal of helping others to learn the modern techniques of helping themselves be affected by this amendment? No, it shall not, unless it is affected in the sense of receiving increased emphasis and importance. Will the lending functions of the Development Loan Fund, the Export-Import Bank, the International Bank and other worthwhile mutually beneficial undertakings of this kind be affected? They shall not, Mr. President, unless, again, the effect is to give them added impetus.

What then will be the impact of the amendment? It will affect the nations which receive the bulk of the heavy grants year in and year out under the aid program. Will they be adversely affected? They need not be. On the contrary, those of them that are anxious for national independence, in an economic as well as a political sense, will be benefited by this amendment. For what it will require, Mr. President, is a rethinking of the aid program, a reshuffling from top to bottom of the aid program in those countries. This rethinking, this reshuffling will be aimed at ending the state of one-sided, endless dependence in which they now find themselves.

If it is properly administered this amendment will act to establish mutually agreed upon, integrated economic goals for each recipient nation. It will set annual targets for increasing productivity, for closing the foreign exchange gaps, for reducing excess military forces where possible, for increasing investments, for carrying out internal tax and other economic reforms. In short, it will set specific goals for evoking the full energies of the people of each land for the economic progress of their nation. It will require the use of

grants in a positive fashion to release that outpouring. It will bring about exploration of new ways, such as broad international participation in development, for helping to bring about economic progress. It should do much to place these recipient peoples, 4 years hence, in a position to move forward on their own momentum, with their needs for outside assistance limited to point 4 type aid, loans, and orthodox methods of international financing.

Mr. President, to those who say it is illusory to think in terms of a time schedule for ending grants and for achieving substantial self-sustaining economic progress in recipient countries, I can only reply: Look at the results of the Marshall plan. Look at what that plan did to help to meet the problem of self-sustained progress in Western Europe. Let us ask in retrospect: Would it have worked without specific goals, with a cutoff date?

I must ask, further, of those who say it cannot be done: What is the alternative? What has been done so far to move these countries toward a self-sustaining economic base? How much progress has been made? Are they a quarter of the way there? A half? Three-quarters? How many more years, how many more decades, will it be before subsidies to Pakistan, Bolivia, Cambodia, Vietnam, Formosa, and the other nations come to an end? In the meantime, what is the result of these subsidies? Do they not tend to create bitterness and estrangement between our peoples and the peoples of the recipient nations? On our part because we see no end to the one-sided giving? On theirs, because they see no way out of an endless dependency? On theirs, because a conspicuous alien privileged few inevitably creates suspicion and hostility when stationed indefinitely in the midst of a native unprivileged many?

Mr. President, I recognize that there may be some nations which despite the most dedicated efforts may not be able to stand on their own without grants, beyond the 4 years contemplated by this amendment. Taken on the whole, however, most of the recipients are rich in resources. The real gap between self-support and subsidy grows out of the inability to organize and utilize these resources for the benefit of their peoples. Let the executive branch plan seriously and in an integrated fashion with the recipients to bridge this gap. If they try and cannot bridge the gap in two or three countries then, I, for one, will be happy to reexamine those particular situations. Certainly, the Senate or Congress can have them reexamined independently. Adjustments, if found necessary, can be made. What is important, however, is that there be the desire and the determination to bridge the gap in a reasonable period of time. We do not have the balance of the 20th century, Mr. President, to get these nations on their own feet.

TERMINATING ICA

Mr. President, the other major change in foreign aid which I hope that these amendments will produce is the termination of the ICA as a quasi-independent

agency of the executive branch. I am fully aware that in a theoretical sense the aid-agency is already a part of the Department of State. In a theoretical sense, too, the Secretary of State exercises supervision over the aid program. But what is the situation, not in theory, but in practice? Mr. President, if you wish to telephone someone about an aid matter in Laos, do you pick up the telephone directory of the Department of State or do you pick up the telephone directory of the ICA? If a person seeks a job in aid administration does he go to the personnel office of the Department of State or does he go to the personnel office of the ICA? If you ask a person employed in aid administration where he works, what will his answer be? The State Department? Or will it be the ICA?

I need not labor the point, Mr. President. The fact is that regardless of what the organization charts may show, there is a distinct and separate administrative personality, the ICA, which is heavily responsible for operating the aid program and for the making of significant decisions in connection therewith.

That is what I am trying to change. I seek to do so not in any spirit of antipathy to the people who are employed by the ICA. The great bulk of them, both at home and abroad, are able, decent, conscientious, and hard working. They are a great credit to the Nation. That is one of the reasons why I am seeking this change. These employees warrant an assured official status of equality, both at home and abroad which can be obtained only if they are included in established agencies of the Government. They are entitled to a measure of stability and security in employment which can never be theirs so long as the agency with which they are associated totters each year on the brink of extinction as it inevitably will continue to do.

But beyond concern for the personnel of the aid program, Mr. President, there is another consideration which suggests to me the desirability of a termination of the ICA. Involved in aid programs, particularly in massive grants of aid, are not only economic questions. Also involved are questions of internal political developments in recipient countries and questions of international political relations—questions of the most complex and difficult nature. It is essential, therefore, that aid programs be fully integrated into the overall foreign policies of the Nation. I do not believe we are going to get that kind of integration until those who devise these programs and administer them are not merely State Department employees on the organization charts, but are employees of the Department in fact and in spirit as well.

OTHER CHANGES

The remaining two changes which are contemplated in these amendments, Mr. President, refer to the control of military aid policies. One reasserts and emphasizes the authority of the Secretary of State over the military aid program. It cannot be stated too strongly that when this country speaks abroad, it must speak

with one voice. When it acts abroad it must act with one mind. This attitude can best be expressed through the Secretary of State acting on behalf of the President. His authority to decide where, when, and how much military aid to extend abroad must be unequivocal, as it is in other matters of foreign relations. I trust that the amendment which I propose to offer will help him to assert that authority.

Finally, Mr. President, I am suggesting in these amendments that the left hand of the administration find out what the right is doing when it budgets money for military aid abroad. I am asking, in effect, that the interested agencies and the Bureau of the Budget look at domestic defense needs at the same time that they examine foreign military aid needs. I am asking that they determine in a rational integrated fashion whether any given dollar of the later might better be spent on the former.

Mr. President, that is all I have to add at this time to my remarks of May 15 on foreign aid. I send to the desk, five amendments to S. 1451 and ask that they be referred to the Committee on Foreign Relations, and printed in the RECORD.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The amendments will be received, printed, referred to the Committee on Foreign Relations, and printed in the RECORD, as requested by the Senator from Montana.

The amendments were referred to the Committee on Foreign Relations, as follows:

On page 1, before the period at the end of line 10, insert “, and by adding the following new sentences: ‘Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into direct competition for financial support with other activities and programs of the Department of Defense.’”

On page 8 after line 18, insert the following:

“(c) Amend section 523(c)(2) to read as follows: ‘determine whether there shall be a military assistance program for a country and determine the value of such program.’”

On page 8, after line 18, insert the following:

(c) Amend section 525, which relates to the Foreign Operations Administration, to read as follows:

“SEC. 525. ECONOMIC AND TECHNICAL ASSISTANCE PROGRAMS IN THE DEPARTMENT OF STATE.—(a) The International Cooperation Administration and the office of its Director are abolished. There is established in the Department of State the Office of Deputy Under Secretary of State for Economic Affairs, which shall be filled by appointment by the President, by and with the advice and consent of the Senate.

“(b) All functions vested by law, Executive order or otherwise in the International Cooperation Administration or any of its agencies and its Director, are transferred to the Office of the Deputy Under Secretary of State for Economic Affairs, and the incumbent of such office shall carry out such functions under the direction and control of the Secretary of State.

“(c) The records, property, personnel, positions and unexpended balances of appropriations, allocations and other funds of the International Cooperation Administration are placed in the Office of the Deputy Under Secretary of State for Economic Affairs.

“(d) The Deputy Under Secretary of State for Economic Affairs may delegate or assign any of his functions to his subordinates and authorize any of his subordinates to whom functions are so delegated or assigned successively to redelegate or reassign any of such functions. He or his designees may from time to time, to the extent consistent with law, promulgate such rules and regulations as may be necessary and proper to carry out any of his functions.

“(e) The President shall place appropriate categories of persons employed by the Office of the Deputy Under Secretary of State for Economic Affairs in the Foreign Service of the United States. The President shall also merge functions of the Office of the Deputy Under Secretary of State for Economic Affairs with functions of other offices in the Department of State in cases in which such merging would better serve to carry out the policies of this Act.

“(f) Within 6 months after the enactment of the Mutual Security Act of 1959 the President shall issue a single executive order, consolidating and bringing up to date all outstanding orders pertaining to the administration of this Act and related functions.”

On page 9, after line 12, insert: “(g) add the following new section:

“SEC. 550. INFORMATION POLICY. Information about the dollar value of programs of military assistance, defense support and special assistance shall be made public for the current fiscal year by December 31 of that year. Such assistance shall be terminated and the programs liquidated, according to the terms of the last sentence of section 503, in any country with respect to which this requirement is not fulfilled.”

On page 7, after line 13, insert the following:

“(a) In section 503, which relates to termination of assistance, designate the existing language as subsection ‘(a)’ and add the following new subsection:

“(b) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this act a detailed plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance, whereby such grant assistance shall be progressively reduced and eliminated within 3 years.”

Mr. GRUENING. I commend very highly and without reservation the very thoughtful and comprehensive presentation which the Senator from Montana has made. His profound study for many years of the foreign aid program has logically brought to the Senator from Montana as great an awareness, perhaps, as that of any other Member of Congress of its intricacies, its importance, and its various implications.

I intend to study the speech fully and perhaps comment on it further at a future date, because I consider it of national importance and deserving of the closest attention by every Member of Congress.

I merely wish to raise one question, not necessarily for immediate answer, but for the consideration of the distinguished Senator from Montana. I refer to the problem of enforcing the amendments which he is presenting to the Mutual Security Act if they are adopted and become law. The other day I proposed to the Mutual Security Act an amendment which was wholly procedural, and which, I believe, would help greatly in the fulfillment of the Senator's desires in regard to his own several amendments. In a word, my amend-

ment was to apply to the foreign aid program the same budgetary procedures which we now apply to the domestic programs; in other words, to have representatives of the State Department or other executive agencies engaged in the foreign aid program come before the Congress, submit specific items, and state what they intend to spend in each country, and for what purpose, and have those items go through the same procedure of approval by the appropriate committees—in this case, the Foreign Relations Committee of the Senate and the Foreign Affairs Committee of the House of Representatives for authorization—and then to the Appropriations Subcommittees to pass on the appropriations requested, then to the full Appropriations Committees, and finally have those appropriations voted on by the two bodies of Congress. I believe in that way the Senator may be assured that if the amendments are adopted—and I hope they will be—compliance with them will be obtained.

I think there is a possible hiatus between the desire to have Senator MANSFIELD's amendments adopted and their actual fulfillment; and I leave that thought with my colleague, for his consideration.

Mr. MANSFIELD. Mr. President, I appreciate the statement the Senator from Alaska has made. I assure him that his proposal will be given every consideration by the committee. I do not know whether it will be possible to go as far as the Senator from Alaska has indicated; but certainly I think the General Accounting Office should take a continuing look at these operations, as it is its duty to do; and I believe it would not now be reluctant to do that, although it seemed to be reluctant to examine the operations of the program in the Indochina area in the first years of the aid program in Laos, Cambodia, and Vietnam, following the withdrawal of the French and the assumption of independence on the part of those three States themselves.

It seems to me that a good many good amendments will be offered. Although I have offered one, which has to do with removing the label of secrecy, it is my intention to support the amendment offered by the distinguished Senator from Idaho [Mr. CHURCH], who has offered an amendment covering the same field. I believe his amendment is more meritorious than the one I have prepared.

In conclusion, Mr. President, I wish to say that in my opinion there is no Member of the Senate, and probably no Member of the entire Congress, who does not have a sense of uneasiness about this program. Many of our fellow members who have been voting against the program in recent years, will, I believe, if they can be assured of a greater degree of stability and security in regard to its administration, once again come back into the fold and accept the responsibilities which go with voting for a program of this kind.

All of us know that it is hard to explain foreign aid to the folks at home. But we can well comprehend their feelings when, under questioning, they indi-

cate some of the doubts and fears and uneasiness they have. What they would like to see is, not a discontinuance of the aid program, but a tightening up of it and getting it down to bedrock. What they and we want is more businesslike efficiency and something on the order of, let us say, 95 cents of value in return for each dollar appropriated.

Mr. President, I yield the floor.

Mr. YOUNG of Ohio. Mr. President—

The PRESIDING OFFICER (Mr. GRUENING in the chair). The Senator from Ohio.

THE FOREIGN AID PROGRAM

Mr. YOUNG of Ohio. Mr. President, at the outset let me say that I have listened with profound admiration to the address delivered by the distinguished Senator from Montana [Mr. MANSFIELD]. I intend to study that address very thoroughly when it appears tomorrow morning in the CONGRESSIONAL RECORD. It is my hope that all my colleagues will read the fine address which was delivered today by the distinguished Senator from Montana. We have much to learn from it. I am a great admirer of his.

By the way, Mr. President, I can recall that some years ago—in 1949, I believe, at a time when I was serving in the other body, as Congressman at Large from my State of Ohio, and the distinguished Senator from Montana likewise was serving in the other body—he was offered appointment as Assistant Secretary of State. As a Senator from the State of Ohio, let me say that I am very happy, indeed, for the sake of the Nation, as well as for the sake of the State of Montana, that at that time the Senator from Montana, then a Representative in Congress from that State, had the good judgment to remain in his elective position, instead of accepting the high appointive position of Assistant Secretary of State. All of us profit from his presence here.

Mr. MANSFIELD. Mr. President, will the Senator from Ohio yield?

The PRESIDING OFFICER (Mr. GRUENING in the chair). Does the Senator from Ohio yield to the Senator from Montana?

Mr. YOUNG of Ohio. I yield.

Mr. MANSFIELD. I wish to thank the Senator from Ohio, with whom I served many years in the House of Representatives, for the kind words he has just uttered.

I had another objective in mind at the time to which the Senator from Ohio has referred. I have achieved that objective. I am quite happy in it, and I have no further ambitions.

Mr. YOUNG of Ohio. Mr. President, we, also, are happy that the Senator from Montana is here.

Mr. President, at this time I wish to add some remarks of my own in regard to the foreign aid program, after referred to as the mutual security program. Let me add that in my view the program should be continued.

President Eisenhower's budget request appears to me to be entirely within reason.

We accept—or, at least, I accept—the necessity of continuing this aid program.

It is essential that we do this to maintain our leadership of the free world, and to help underdeveloped nations to help themselves.

Of course, in committee and on the floor of the Senate we should continue to scrutinize, as we have done, all expenditures for economic aid and military assistance.

Military considerations, in the past, have played too great a part in the formulation of our program of aid to nations of the Western Hemisphere and of the old world.

In the case of some countries, we must decide whether food or guns is more important.

If it is said that in the Near East, or elsewhere, there is a serious threat of Communist infiltration, then our answer is that we can best meet that threat with economic aid and with technical cooperation to help underdeveloped countries produce more and progress further. This aspect of our foreign aid program should find a response in the Senate.

Mr. President, economic development of backward nations should have first call. For example, Haiti and Pakistan—countries of the new and old world—are being burdened with military efforts so great that their economic development has been retarded.

When we send arms, tanks, and artillery to an underdeveloped country, that certainly does not help the economic condition of that country.

On the other hand, the rulers add to the burdens on the people, to support increased armies and police forces; and the military caste, always eager for more tanks and planes, becomes more thoroughly entrenched.

Some assert that if we do not supply some of these countries with squadrons of jet planes, which they seek partly for prestige, some other country—meaning the Soviet Union—will supply the planes, although the recipient country is staggering under a load of poverty, disease, and ignorance.

Regarding our immediate neighbors to the south, here are some startling figures: Brazil pays 29 percent of its national budget for armaments; Paraguay, 28 percent; Chile, 24 percent; Colombia, 21 percent; Peru, 20 percent; and Honduras, 18 percent.

These countries, except for internal disorder, have not been seriously involved in warfare, nor are they threatened by other nations; yet, year after year, these tremendous expenditures for arms and armaments continue, and, at the same time, these nations ask our Government for economic aid.

It is startling that President Duvalier, when asked to discuss the urgency of Haiti's problems, instead of referring to inflation, disease and hunger, stated his urgent need for Haiti was for more modern fighter planes.

I advocate, as does the distinguished Senator from Alaska [Mr. GRUENING], who is now presiding over the Senate, that we should fully inform the general public as to the amount of military aid given to various countries.

1st Session

H. R. 7500

IN THE HOUSE OF REPRESENTATIVES

read to the Clerk

A BILL

3 That this Act may be cited as the "Mutual Security Act
4 1959".

86TH CONGRESS
1ST SESSION

H. R. 7500

IN THE HOUSE OF REPRESENTATIVES

JUNE 2, 1959

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1959".

5 STATEMENT OF POLICY

6 SEC. 2. (a) Section 2 of the Mutual Security Act of
7 1954, as amended, containing a statement of policy, is
8 amended by inserting the following sentence immediately
9 before the first sentence of subsection (a) thereof: "It is the
10 sense of Congress that peace in the world increasingly de-
11 pends on wider recognition, both in principle and practice,

1 of the dignity and interdependence of man; and that the sur-
2 vival of free institutions in the United States can best be
3 assured in a worldwide atmosphere of expanded freedom.”

4 (b) Such section 2 is further amended by adding at the
5 end thereof the following:

6 “(d) It is the sense of the Congress, recognizing the
7 interdependence of the freedom and progress of liberty-
8 loving people everywhere, that the United States within
9 the limits of its other obligations has an abiding interest in
10 assisting the efforts of the people of the world to realize their
11 aspirations for improved living standards, for education, for
12 governments of their own choosing and for dignity and re-
13 spect as individual human beings.”

14 CHAPTER I—MILITARY ASSISTANCE

15 MILITARY ASSISTANCE

16 SEC. 101. Section 103 (a) of the Mutual Security Act
17 of 1954, as amended, which relates to military assistance, is
18 amended by striking out “1959” and “\$1,605,000,000” and
19 substituting “1960” and “\$1,440,000,000”, respectively.

20 LIMITATIONS ON FURNISHING OF MILITARY ASSISTANCE

21 SEC. 102. Section 105 of the Mutual Security Act of
22 1954, as amended, which relates to conditions applicable to
23 military assistance, is amended by redesignating subsec-
24 tion (b) as subsection (c), and by inserting immediately
25 after subsection (a) the following:

1 “(b) Subject to fulfilling commitments in existence on
2 June 30, 1959, no arms or weapons may be furnished to
3 any nation under this chapter on a grant basis, except where
4 the President determines that the national interest requires
5 otherwise and so reports to the Speaker of the House of
6 Representatives and the Committee on Foreign Relations
7 of the Senate, unless—

8 “(1) the arms or weapons requested by and fur-
9 nished to the recipient nation are needed to meet the
10 danger of direct Communist armed aggression or infiltra-
11 tion, or Communist subversion from within, or to per-
12 form agreed missions within collective defense arrange-
13 ments under treaties entered into with the United
14 States;

15 “(2) the arms or weapons furnished the recipient
16 nation are limited to those of a type and in amounts
17 appropriate to these needs; and

18 “(3) the defense expenditures of the recipient na-
19 tion, taking into account assistance from other sources,
20 do not overburden the economy of such nation in such
21 a way as to create internal instability, nor strain its
22 relations with its non-Communist neighboring nations
23 in such a way as to create regional instability, which
24 may overbalance the benefits of the protection provided
25 against the external danger.”

1 CHAPTER II—ECONOMIC ASSISTANCE

2 DEFENSE SUPPORT

3 SEC. 201. Section 131 (b) of the Mutual Security Act
4 of 1954, as amended, which relates to defense support, is
5 amended by striking out "1959" and "\$810,000,000" and
6 substituting "1960" and "\$750,000,000", respectively.

7 UTILIZATION OF COUNTERPART FUNDS

8 SEC. 202. Clause (iii) of section 142 (b) of the Mutual
9 Security Act of 1954, as amended, which relates to utilization
10 of funds in Special Accounts, is amended (1) by inserting
11 immediately before the colon preceding the first proviso the
12 following: "or for the advancement of education, including
13 the establishment, expansion, or operation of schools, colleges,
14 or universities for the promotion of vocational, professional,
15 scientific, technological, or general education", and (2) by
16 inserting immediately before the period at the end thereof
17 the following: ": *Provided further*, That whenever funds
18 from such Special Account are used by a country to make
19 loans, all funds received in repayment of such loans prior to
20 termination of assistance to such country shall be reused only
21 for such purposes as shall have been agreed to between the
22 country and the Government of the United States".

23 DEVELOPMENT LOAN FUND

24 SEC. 203. Title II of chapter II of the Mutual Security
25 Act of 1954, as amended, which relates to the Development
26 Loan Fund, is amended as follows:

1 (a) Amend section 202 (b) , which relates to general
2 authority, as follows:

3 (1) In clause (4) of the first sentence, strike out the
4 comma following the words "labor surplus" and insert in lieu
5 thereof the following: "and to the net position of the United
6 States in its balance of trade with the rest of the world,".

7 (2) Insert the following sentence immediately after the
8 second sentence: "The Fund in its operations shall recog-
9 nize that development loan assistance will be most effective
10 in those countries which show a responsiveness to the vital
11 long-term economic, political, and social concerns of their
12 people, demonstrate a clear willingness to take effective self-
13 help measures, and effectively demonstrate that such assist-
14 ance is consistent with, and makes a contribution to, work-
15 able long term economic development objectives."

16 (3) In the next to last sentence, immediately before
17 the period at the end thereof, insert the following: "nor shall
18 the fractional reserve maintained by the Development Loan
19 Fund for any guaranty made pursuant to this section be less
20 in any case than 50 percent of the face amount of such
21 guaranty".

22 (b) Amend section 203, which relates to capitalization,
23 to read as follows:

24 "SEC. 203. CAPITALIZATION.—There is hereby author-
25 ized to be appropriated to the President without fiscal year

1 limitation, for advances to the Fund after June 30, 1959,
2 not to exceed \$800,000,000."

3 (c) In section 204 (b), which relates to fiscal provi-
4 sions, strike out "(a)" in the second sentence.

5 TECHNICAL COOPERATION

6 SEC. 204. Title III of chapter II of the Mutual Security
7 Act of 1954, as amended, which relates to technical coop-
8 eration, is amended as follows:

9 (a) In section 304, which relates to authorization,
10 strike out "\$150,000,000" and "1959" and substitute
11 "\$179,500,000" and "1960", respectively.

12 (b) Amend section 306, which relates to multilateral
13 technical cooperation and related programs, as follows:

14 (1) In subsection (a), which relates to contributions
15 to the United Nations Expanded Program of Technical
16 Assistance and related fund, strike out "\$20,000,000" and
17 "1959" and substitute "\$30,000,000" and "1960", respec-
18 tively.

19 (2) In subsection (b), which relates to contributions to
20 the technical cooperation program of the Organization of
21 American States, strike out "1959" and substitute "1960".

22 (c) In section 308, which relates to the International
23 Development Advisory Board, insert "or officers" after
24 "officer" in the first sentence and strike out "to administer
25 this title" in that sentence.

1 SPECIAL ASSISTANCE AND OTHER PROGRAMS

2 SEC. 205. Title IV of chapter II of the Mutual Security
3 Act of 1954, as amended, which relates to special assistance
4 and other programs, is amended as follows:

5 (a) Amend section 400, which relates to special assist-
6 ance, as follows:

7 (1) In subsection (a), strike out "1959" and "\$202,-
8 500,000" and substitute "1960" and "\$250,000,000",
9 respectively.

10 (2) In subsection (c), insert "(1)" immediately after
11 "specify," and immediately after "ideas and practices of
12 the United States," insert "or (2) for hospitals abroad de-
13 signed to serve as centers for medical treatment, education
14 and research, founded or sponsored by citizens of the United
15 States,"; and in the last sentence of such subsection, imme-
16 diately after "as amended," insert "and notwithstanding
17 the provisions of section 1415 of the Supplemental Appro-
18 priation Act, 1953, or Public Law 213, Eighty-second Con-
19 gress, the President is authorized to utilize foreign currencies
20 accruing to the United States under this or any other Act,".

21 (3) Add at the end of such section 400 the following:

22 "(d) Notwithstanding the provisions of section 1415
23 of the Supplemental Appropriation Act, 1953, or any other
24 provision of law, the President is authorized to use foreign
25 currencies accruing to the United States in any Latin Amer-

1 ican country under this or any other Act (other than under
2 title II of chapter II of this Act) in such amounts as may
3 be specified from time to time in appropriation Acts for
4 the purpose of making loans for land resettlement programs
5 described in clause (C) of subsection (b) of this section.”

6 (b) Insert after section 400 the following new section:

7 “SEC. 401. UNITED NATIONS EMERGENCY FORCE.—
8 The Congress of the United States, recognizing the important
9 contribution of the United Nations Emergency Force to in-
10 ternational peace and security, declares it to be the policy
11 of the United States and the purpose of this section to sup-
12 port the United Nations Emergency Force. The President
13 is hereby authorized to use during the fiscal year 1960 funds
14 made available pursuant to section 400 (a) of this Act for
15 contributions on a voluntary basis to the budget of the United
16 Nations Emergency Force.”

17 (c) In the first sentence of section 402, which relates to
18 earmarking of funds, strike out “1959” and substitute
19 “1960.”

20 (d) In section 403, which relates to responsibilities in
21 Germany, strike out “1959” and “\$8,200,000” in the first
22 sentence and substitute “1960” and “\$7,500,000”, re-
23 spectively.

24 (e) Amend section 405, which relates to migrants,
25 refugees, and escapees, as follows:

1 (1) In subsection (c), strike out “1959” and “\$1,-
2 200,000” and substitute “1960” and “\$1,100,000”, re-
3 spectively.

4 (2) In subsection (d), strike out “1959” and “\$8,-
5 600,000” and substitute “1960” and “\$5,200,000”, re-
6 spectively.

7 (f) In section 406, which relates to children’s welfare,
8 strike out “\$11,000,000” and “1959” and substitute
9 “\$12,000,000” and “1960”, respectively.

10 (g) In section 407, which relates to Palestine refugees
11 in the Near East, strike out “1959” in the first sentence and
12 substitute “1960”; and strike out the proviso in the first
13 sentence.

14 (h) In section 408 (c), which relates to the North At-
15 lantic Treaty Organization, strike out “four” and substitute
16 “five”.

17 (i) In section 409 (c), which relates to ocean freight
18 charges, strike out “1959” and “\$2,100,000” and sub-
19 stitute “1960” and “\$2,300,000”, respectively.

20 (j) Section 410, which relates to Control Act expenses,
21 is repealed.

22 (k) Amend section 411, which relates to administrative
23 and other expenses, as follows:

24 (1) In subsection (b), strike out “1959” and “\$33,-

1 000,000” and substitute “1960” and “\$39,500,000”, re-
2 spectively.

3 (2) In subsection (c), strike out “, not to exceed
4 \$7,000,000 in any fiscal year,”; and insert before the period
5 “, and for expenses of carrying out the objectives of the
6 Mutual Defense Assistance Control Act of 1951 (22 U.S.C.
7 1611) : *Provided*, That, in addition, funds made available
8 for carrying out chapter I of this Act shall be available for
9 carrying out the objectives of the Mutual Defense Assistance
10 Control Act of 1951 in such amounts as the President may
11 direct”.

12 (1) Amend section 413, which relates to encourage-
13 ment of free enterprise and private participation, as follows:

14 (1) In subsection (b) (4) (B) (ii), insert before the
15 semicolon “, revolution, insurrection, or civil strife arising
16 in connection with war, revolution, or insurrection”.

17 (2) In subsection (b) (4) (F), strike out “\$500,-
18 000,000” and substitute “\$1,000,000,000”.

19 (3) In subsection (c), delete the words “a study” fol-
20 lowing the words “shall conduct” and insert in lieu thereof
21 “annual studies”; insert immediately before the period at
22 the end of the first sentence the following: “, and to the
23 net position of the United States in its balance of trade with
24 the rest of the world”; and in the final sentence delete the

1 word "study" following "such" and insert in lieu thereof
2 "studies".

3 (m) In section 419 (a), which relates to atoms for
4 peace, strike out "1959" and "\$5,500,000" in the second
5 sentence and substitute "1960" and "\$6,500,000", respec-
6 tively.

7 CHAPTER III—CONTINGENCY FUND

8 SEC. 301. Section 451 (b) of the Mutual Security Act of
9 1954, as amended, which relates to the President's special
10 authority and contingency fund, is amended by striking out
11 "1959" and "\$155,000,000" in the first sentence and sub-
12 stituting "1960" and "\$100,000,000", respectively.

13 CHAPTER IV—GENERAL AND ADMINISTRATIVE

14 PROVISIONS

15 SEC. 401. Chapter IV of the Mutual Security Act of
16 1954, as amended, which relates to general and administra-
17 tive provisions, is amended as follows:

18 (a) In section 501, which relates to transferability of
19 funds, insert "(a)" immediately after "TRANSFERABILITY
20 OF FUNDS.—", and add the following new subsection at the
21 end thereof:

22 "(b) In view of the rapidly increasing danger to the
23 independence of friendly countries which is presented by the
24 trade and assistance programs of international communism,

1 and notwithstanding subsection (a) of this section and the
2 sixth sentence of section 202 (b), the President is authorized
3 to transfer to and consolidate with funds made available for
4 nonmilitary use under titles II, III, and IV of chapter II up
5 to 30 per centum of the funds made available for military
6 use under chapter I.”

7 (b) (1) Add at the end of section 502, which relates
8 to use of foreign currency, the following new subsection:

9 “(c) Notwithstanding any other provision of law, for-
10 eign currencies available to the United States for utilization
11 under this or any other Act may be utilized by the President,
12 in his discretion, for science and research, including the
13 translation of scientific books and treatises.”

14 (2) In section 503, which relates to termination of
15 assistance, insert “(a)” immediately after “TERMINATION
16 OF ASSISTANCE.—”, and add at the end thereof the
17 following:

18 “(b) In any case in which a nation shall hereafter
19 expropriate or confiscate the property of any person as
20 defined in section 413 (b) of this Act and shall fail within
21 six months of such expropriation or confiscation to take
22 steps determined by the President to be appropriate to dis-
23 charge its obligations under international law toward such

1 person, the President shall withhold assistance under this
2 Act or any other Act to such nation.”

3 (c) In section 505 (b) , which relates to loan assistance
4 and sales, strike out the third sentence and substitute the
5 following: “United States dollars received in repayment of
6 principal and payment of interest on any loan made under
7 this section shall be deposited into miscellaneous receipts
8 of the Treasury. Foreign currencies received in repayment
9 of principal and payment of interest on any such loan may
10 be sold by the Secretary of the Treasury to United States
11 Government agencies for payment of their obligations abroad
12 and the United States dollars received as reimbursement shall
13 also be deposited into miscellaneous receipts of the Treasury.
14 Foreign currencies so received which are in excess of the
15 requirements of the United States in the payment of its
16 obligations abroad, as such requirements may be determined
17 from time to time by the President, shall be credited to the
18 Development Loan Fund, and, notwithstanding section 1415
19 of the Supplemental Appropriation Act, 1953, or any other
20 provision of law relating to the use of foreign currencies or
21 other receipts accruing to the United States, shall be avail-
22 able for use for purposes of title II of chapter II of this
23 Act.”.

1 (d) In section 510, which relates to purchase of com-
2 modities, delete the comma following the words “industrial
3 mobilization base” in the third sentence and insert the fol-
4 lowing: “or to the net position of the United States in its bal-
5 ance of trade with the rest of the world,”.

6 (e) In section 517, which relates to completion of plans
7 and cost estimates, delete the words “title I or” in the first
8 sentence, and insert “title I, II, or”, and add at the end
9 of such section the following: “With respect to any loan
10 made under the provisions of title II of chapter II, the
11 President, if he finds it to be in the interests of the United
12 States, may waive any provision of this section.”

13 (f) In section 523 (b), which relates to coordination
14 with foreign policy, add the following new sentence: “The
15 chief of the diplomatic mission shall make sure that recom-
16 mendations of such representatives pertaining to military
17 assistance are coordinated with political and economic con-
18 siderations, and his comments shall accompany such recom-
19 mendations.”

20 (g) Amend section 527, which relates to employment
21 of personnel, as follows:

22 (1) In subsection (b), strike out “sixty” and “thirty-
23 five” in the first sentence and substitute “sixty-five” and
24 “forty”, respectively; and add the following new sentence at
25 the end thereof: “One of the offices established by section

1 1 (d) of Reorganization Plan Numbered 7 of 1953 may
2 notwithstanding the provisions of any other law be com-
3 pensated at a rate not in excess of \$20,000 per annum.”

4 (2) In subsection (c), immediately below paragraph
5 (2), insert the following: “To the maximum extent feasible,
6 personnel appointed under this Act to perform services out-
7 side the United States shall be appointed in accordance with
8 the civil service laws.”

9 (h) Insert immediately after section 533 the following
10 new section:

11 “SEC. 533A. INSPECTOR GENERAL AND COMP-
12 TROLLER.—(a) There is hereby established in the Depart-
13 ment of State an office to be known as the ‘Office of the
14 Inspector General and Comptroller’, which shall be headed
15 by an officer designated as the ‘Inspector General and Comp-
16 troller’, whose salary shall be fixed at the maximum rate
17 provided by section 527 (b), and who shall be appointed
18 by and be responsible to an Under Secretary of State desig-
19 nated for such purpose by the Secretary of State. In addi-
20 tion, there shall be a Deputy Inspector General and Comp-
21 troller, whose salary shall not exceed the maximum rate
22 provided under the General Schedule of the Classification
23 Act of 1949, as amended, and such other personnel as may
24 be required to carry out the functions vested in the Inspector
25 General and Comptroller by or pursuant to this section.

1 “(b) There are hereby transferred to the Inspector
2 General and Comptroller all functions, powers, and duties
3 of the Office of Evaluation of the International Cooperation
4 Administration, and so much of the functions, powers, and
5 duties of the Office of Personnel Security and Integrity as
6 relate to investigations of improper activities in connection
7 with programs under the International Cooperation Admin-
8 istration.

9 “(c) The Inspector General and Comptroller shall have
10 the following duties:

11 “(1) Establishing a system of financial controls designed
12 to insure compliance with applicable laws and regula-
13 tions in carrying out programs under the provisions of
14 chapter I, of titles I, II, III (except section 306), and IV
15 (except sections 405, 406, 407, and 408) of chapter II and
16 of chapter III of this Act;

17 “(2) Advising and consulting with the Secretary of De-
18 fense or his delegate with respect to the controls, standards,
19 and procedures established under this section insofar as such
20 controls, standards, and procedures relate to assistance fur-
21 nished under chapter I of this Act;

22 “(3) Establishing policies and standards providing for
23 extensive internal audits of program activities under the pro-
24 visions of this Act referred to in paragraph (1) ;

25 “(4) Reviewing and approving internal audit programs

1 under this section, and coordinating such programs with the
2 General Accounting Office and the appropriate officials of
3 other Government departments in order to insure maximum
4 audit coverage and to avoid duplication of effort;

5 “(5) Reviewing audit findings and recommendations of
6 operating agencies and the action taken thereon, and making
7 recommendations with respect thereto to the Under Secre-
8 tary of State and other appropriate officials;

9 “(6) Conducting or requiring the conduct of such
10 special audits as in his judgment may be required in indi-
11 vidual cases, and of inspections with respect to end-item use
12 in foreign countries;

13 “(7) Prescribing a system of financial and statistical
14 reporting with respect to all programs carried out under the
15 provisions of this Act referred to in paragraph (1) ;

16 “(8) Advising the Under Secretary of State and other
17 appropriate officials on fiscal and budgetary aspects of pro-
18 posed programs under this Act;

19 “(9) Designing the form and prescribing the financial
20 and statistical content of the annual program presentation to
21 the Congress; and

22 “(10) Carrying out such other duties as may be vested
23 in him by the Under Secretary of State.

24 “(d) Expenses of the Office of the Inspector General
25 and Comptroller with respect to programs under this Act

1 shall be charged to the appropriations made to carry out
2 such programs.”

3 (i) Amend section 537, which relates to provisions on
4 uses of funds, as follows:

5 (1) In subsection (c), strike out “\$26,000,000” and
6 substitute “\$27,750,000”.

7 (2) Amend subsection (f) to read as follows:

8 “(f) During the annual presentation to the Congress of
9 requests for authorizations and appropriations under this Act,
10 there shall be submitted a detailed report on the assistance
11 to be furnished, country-by-country, under title I of chapter
12 II, and under section 400 (a), of this Act. The report with
13 respect to each country shall contain a clear and detailed
14 explanation of the proposed level of aid for such country,
15 and shall include a listing of all significant factors considered
16 in determining the level of aid for such country; the reason
17 for including each such factor and an explanation of the
18 manner in which each of such factors is related to the specific
19 dollar figure which constitutes the proposed level of aid for
20 each such country. In addition, with respect to assistance
21 proposed to be furnished under title I of chapter II of this
22 Act, the report shall contain a clear and detailed explanation
23 on a country-by-country basis of the force objectives toward
24 the support of which such aid is proposed to be furnished;
25 the method by which such force objectives were arrived at;

1 and where the force objectives differ from the actual level
2 of forces in any such country, an explanation, in detail, of
3 the reason for the difference in such level of forces."

4 (j) In section 543 (d), which relates to saving pro-
5 visions, strike out the words between "repealed" and "shall"
6 in the first sentence and substitute "subsequent to the time
7 such funds are appropriated"; insert "or subsequent Acts"
8 after "1957" both times it appears in the second sentence;
9 and strike out the last sentence.

10 (k) Section 549, which relates to special provisions on
11 availability of funds, is repealed.

12 CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH;
13 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERA-
14 TION; AND AMENDMENTS TO OTHER LAWS

15 INTERNATIONAL COOPERATION IN HEALTH

16 SEC. 501. The Congress of the United States recognizes
17 that large areas of the world are being ravaged by diseases
18 and other health deficiencies which are causing widespread
19 suffering, debility, and death, and are seriously deterring
20 the efforts of peoples in such areas to develop their resources
21 and productive capacities and to improve their living condi-
22 tions. The Congress also recognizes that international efforts
23 are needed to assist such peoples in bringing diseases and
24 other health deficiencies under control, in preventing their
25 spread or reappearance, and in eliminating their basic causes.

1 Accordingly, the Congress affirms that it is the policy of the
2 United States to accelerate its efforts to encourage and sup-
3 port international cooperation in programs directed toward
4 the conquest of diseases and other health deficiencies.

5 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

6 SEC. 502. To enable the United States to maintain
7 membership in the Colombo Plan Council for Technical
8 Cooperation, there is hereby authorized to be appropriated
9 from time to time to the Department of State such sums as
10 may be necessary for the payment by the United States of
11 its share of the expenses of the Colombo Plan Council for
12 Technical Cooperation.

13 AMENDMENTS TO OTHER LAWS

14 SEC. 503. The Defense Base Act, as amended (42
15 U.S.C. 1651), is further amended by inserting in subsection
16 (e) of the first section, between "the approval of this
17 Act," and "and contracting officers" in the first sentence,
18 the following: "and the liability under this Act of a
19 contractor, subcontractor, or subordinate contractor engaged
20 in performance of contracts, subcontracts, or subordinate
21 contracts specified in subparagraph (5), subdivision (a) of
22 this section, and the conditions set forth therein, shall here-

1 after be applicable to the remaining terms of such contracts,
2 subcontracts, and subordinate contracts entered into prior
3 to June 30, 1958, but not completed on the date of the
4 enactment of the Mutual Security Act of 1959,".

86TH CONGRESS
1ST Session

H. R. 7500

A BILL

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

By Mr. MORGAN

JUNE 2, 1959

Referred to the Committee on Foreign Affairs

June 3, 1959

7. EGGS. Sen. Humphrey inserted two N. Y. Times articles discussing the price of eggs and stating that this Department had announced that it would buy frozen whole eggs to help the egg and poultry industry, and Sen. Humphrey urged greater aid for the poultry and egg industry. pp. 8699-8701
8. WILDLIFE. Received from Interior a proposed bill "to amend the act of July 3, 1956, entitled 'An act to authorize the Secretary of the Interior to cooperate with Federal and non-Federal agencies in the prevention of waterfowl depredations;' to the Agriculture and Forestry Committee.
9. FOREST HIGHWAYS. Received from the Commerce Department a proposed bill "to amend sec. 209 (f) (1) of the Highway Revenue Act of 1956 in order to provide for the financing of forest highways and public lands highways from the highway trust fund;" to the Finance Committee. p. 8686
10. FLOOD PREVENTION. Received from the Ohio Senate a resolution urging Congressional action to assure continuance of surveys, planning, and cooperation in the construction of projects in Ohio that are vital and necessary to the prevention of floods and to the conservation of water and soil and that funds for this purpose be appropriated to SCS and other Federal agencies. p. 8686
11. FARM PROGRAM. Sen. Keating urged that steps be taken "toward returning reason to our farm program, in line with the recommendations of Secretary Benson and the Administration," and inserted an editorial, "Reckless Wheat Policy," criticizing parts of the House Agriculture Committee-approved wheat bill and stating that large farmers are the major beneficiaries of the price support program, "introduced as a World War II measure and ... designed essentially as an incentive to increase production in that emergency." p. 8694
12. MUTUAL SECURITY. Sen. More commended Sen. Mansfield's proposals to end foreign aid grants and inserted an article on the subject. pp. 8695-6

HOUSE

13. DEFENSE APPROPRIATION BILL FOR 1960. Passed, 393 to 3, with amendment this bill, H. R. 7454. pp. 8740-87
14. FEDERAL-STATE RELATIONS. The Judiciary Committee reported without amendment H. R. 2368, to establish rules of interpretation governing questions of the effects of acts of Congress on State laws (H. Rept. 432). p. 8798
15. PERSONNEL. The D. C. Committee reported with amendment H. R. 4283, to amend the D. C. Income and Franchise Tax Act to provide that under certain conditions officers of the executive branch of the Federal Government appointed by the President shall be exempt from such Act (H. Rept. 431). p. 8798
16. FOREIGN AFFAIRS. The Foreign Affairs Committee voted to report (but did not actually report) H. R. 7500, to amend further the Mutual Security Act of 1954, as amended. p. D431
17. MONOPOLIES. Subcommittee No. 5 of the Judiciary Committee voted to report to the full committee with amendment H. R. 2977, to provide for the more expeditious enforcement of cease and desist orders issued thereunder. p. D431
18. CONSERVATION; WATER. Received from the Nev. Legislature memorials favoring the proposed Youth Conservation Act and State water rights legislation. p. 8799

19. LOBBYING. Received lobbying reports for the 4th quarter of 1958 and the 1st quarter of 1959. pp. 8801-32
20. LEGISLATIVE PROGRAM. Rep. McCormack announced that the House would consider H. R. 3610, the water pollution bill, on Thurs., and the public works appropriation bill on Fri. p. 8788

ITEMS IN APPENDIX

21. BUDGET. Sen. Bridges inserted an editorial "pinpointing" the need for enactment of legislation which would require the President to submit a balanced budget. p. A4698
22. SURPLUS COMMODITIES. Extension of remarks of Rep. Cooley discussing the provision under Public Law 480 which authorizes loans of foreign currency for the expansion of private American business enterprises and inserting an Export Import Bank letter giving a summary of the operations of the program to date. pp. A4700-2
- Rep. McGovern inserted a church school students' letter urging the distribution of surplus foods to the needy as a "great instrument for peace and freedom." pp. A4707-8
- Extension of remarks of Rep. Riehlman stating that "inevitably we will get back to the free market concept ... and then, and only then, will the farmer's problems be solved," and inserting an editorial on this subject. p. A4734
23. INFORMATION. Rep. Fulton inserted John Green's, Director of Technical Services, Dept. of Commerce, statement on the scientific information activities of the Department of Commerce. pp. A4702-3
- Extension of remarks of Rep. Wolf inserting the testimony of the president of a private corporation which uses the Nat'l Science Foundation register of scientists as an employment placement service and stating that "it illustrates the usefulness to the American economy of a register of trained manpower." pp. A4738-9
24. COUNTRY LIFE. Extension of remarks of Sen. Wiley urging the establishment of a Country Life Commission and listing topics to be discussed at the annual conference of the American Country Life Ass'n scheduled for July 13 and 14th p. A4703
25. FARM PROGRAM. Extension of remarks of Rep. Thompson, Tex., stating that "it is deplorable that much of the publicity so unfavorable to our farmers is based on information coming from the Department of Agriculture," and inserting Rep. Ikard's newsletter telling of some of the favorable aspects of the agricultural program. p. A4703
- Rep. McGovern inserted an article, "Debating the Agriculture Budget -- Senate Criticized as Drifting on Issue and Not Challenging Administration." pp. A4710-1
- Rep. Rhodes inserted an editorial, "Controlling Farm Prices Leads to Controlling Farmers." p. A4737
- Rep. Curtis, Mo., inserted an editorial, "Farm Program Economies." p. A4740

BILLS INTRODUCED

26. PERSONNEL. H. R. 7528, by Rep. Lane, to amend title 28, entitled "Judiciary and Judicial Procedure," of the United States Code to provide for the defense of suits against Federal employees arising out of their operation of motor vehicles in the scope of their employment; to Judiciary Committee.

June 5, 1959

11. TOBACCO. The Rules Committee formally reported a resolution for consideration of S. 1901, to modify price supports for tobacco. (See Digest 82, item 1, for purpose of this bill. The Committee voted to report this resolution on June 4.) p. 9096
12. MUTUAL SECURITY. The Foreign Affairs Committee reported without amendment H.R. 7500, to amend further the Mutual Security Act of 1954, as amended (H. Rept. 440). p. 9096
13. FEDERAL-STATE RELATIONS. The Rules Committee reported a resolution for consideration of H.R. 3, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws (p. 9096). This bill provides that no act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such act operates, to the exclusion of all State laws on the same subject matter, unless such act contains an express provision to that effect, or unless there is a direct and positive conflict between such act and a State law so that the two cannot be reconciled or consistently stand together.
14. LEGISLATIVE PROGRAM. Rep. McCormack stated that on Mon. the House would continue consideration of H. R. 7509, the public works appropriation bill, and H. R. 4283, exemption of certain officials from the D. C. tax, and that on Tues. and the balance of the week it would consider H. R. 3610, the water pollution bill, H.R. 7246, the wheat price support bill, S. 1901, the tobacco price support bill, and H. R. 3, rules of interpretation concerning the effect of acts of Congress on State laws. p. 9075
15. APPROPRIATIONS; ALASKA. Received from the President an appropriation estimate for the fiscal year 1960 of \$10,500,000 for transitional grants to Alaska (H. Doc. 170). p. 9095
16. EXPENDITURES. Rep. Flynn criticized administration fiscal policies, including a reference to "squandering" of funds through this Department. pp. 9091-4
17. ADJOURNED until Mon., June 8. p. 9095

ITEMS IN APPENDIX

18. FOREIGN AID. Sen. Kennedy inserted an editorial commenting on the proposed mutual security bill for 1959, "The Struggle Over Foreign Aid--Long-term and Year-to-Year Plans Divide Capitol and Administration." pp. A4807-8
19. RECREATION. Extension of remarks of Sen. Neuberger urging enactment of his proposed bill S. 2010, to provide for the creation of three national shoreline parks and inserting an editorial favoring this proposed bill. p. A4812
20. WATER POLLUTION. Speeches in the House by Reps. Dingell and Price during debate on H. R. 3610, to amend and extend the Federal Water Pollution Control Act. pp. A4813, A4835
21. BUDGET. Extension of remarks of Rep. Springer stating that "many of us in the House have been contending for the last several years that many Federal programs were getting out of hand because the Appropriations Committees in the House and Senate were being by-passed by authorization committees drawing on the Federal Treasury," and inserting an editorial in support of his viewpoint. p. A4822

22. SURPLUS COMMODITIES. Extension of remarks of Sen. Hart inserting his statement before the Senate Agriculture and Forestry Committee dealing with the problem of expanding our domestic food for the needy programs, together with a Michigan State memorandum describing the operations of this program in Michigan during the last several years. pp. A4824-6
23. EGG PRICES. Extension of remarks of Rep. Hoeven commending this Department's programs of assistance to poultry and egg producers, and inserting this Department's letter to the House Agriculture Committee reviewing the present poultry situation. pp. A4832-4
24. RECLAMATION. Extension of remarks of Rep. Moss inserting an editorial, "Land Limitation Should Be Kept In Right Order," discussing the application of the 160-acre limitation to lands to be served by the proposed San Luis project in Calif. p. A4851

BILLS INTRODUCED

25. PUBLIC DEBT. S. 2121, by Sen. Saltonstall, to provide for systematic reduction of the public debt; to Finance Committee. Remarks of author pp. 8971-3.
H. R. 7583, by Rep. Baring, and H. R. 7589, by Rep. Sikes, to amend section 21 of the Second Liberty Bond Act to provide for the retirement of the public debt; to Ways and Means Committee.
H. Con. Res. 197, by Rep. Baring, and H. Con. Res. 199, by Rep. Sikes, expressing the sense of the Congress with respect to a program for paying the national debt; to Ways and Means Committee.
26. BUDGET; OBLIGATIONS. S. 2122, by Sen. Saltonstall and Byrd, Va., to require semiannual reports by the Secretary of the Treasury with respect to the financial commitments and contingencies of the Government; to Government Operations Committee. Remarks of Sen. Saltonstall pp. 8973-5.
27. PERSONNEL. H. R. 7594, by Rep. Williams, to provide for the filing with the head of each department, agency, or instrumentality of the United States, the State of legal residence or domicile of all civilian and military officers and employees of the United States serving with such department, agency, or instrumentality; to Post Office and Civil Service Committee.
H. R. 7607, by Rep. Perkins, to provide disability retirement benefits for civilian employees of the Government in certain additional cases; to Post Office and Civil Service Committee.
28. SURPLUS PROPERTY. H. R. 7584, by Rep. Baring, to provide that surplus personal property of the United States may be donated to the States for the promotion of fish and wildlife management activities; to Government Operations Committee.
29. FORESTRY. H. R. 7585, by Rep. Curtis, Mo., to authorize an increased program of research in forestry and forest products; to Agriculture Committee.
30. INFORMATION. H. R. 7606, by Rep. Osmer, to limit the acquisition and use by civilian agencies of the Federal Government of equipment for reproducing documents, drawings, papers, and so forth, on sensitized materials; to House Administration Committee.
31. APPROPRIATIONS. H. J. Res. 417, Joint resolution proposing an amendment to the Constitution of the United States to require every appropriation measure to be accompanied either by a revenue-producing measure, or a certification that revenues will be produced to cover the cost of the appropriation measure; to Judiciary Committee.

MUTUAL SECURITY ACT OF 1959

REPORT OF THE COMMITTEE ON FOREIGN AFFAIRS ON H.R. 7500

To amend further the Mutual Security Act of
1954, as amended, and for other purposes.



JUNE 5, 1959

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1959

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[REPORTED WITHOUT AMENDMENT]

86TH CONGRESS 1st Session	}	HOUSE OF REPRESENTATIVES	}	REPORT No. 440
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MUTUAL SECURITY ACT OF 1959

JUNE 5, 1959.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MORGAN, from the Committee on Foreign Affairs, submitted the following

R E P O R T

[To accompany H.R. 7500]

The Committee on Foreign Affairs, to whom was referred the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

Fiscal analysis of mutual security program for fiscal year 1960

Program	Col. 1 Appropriation for fiscal year 1959, Public Law 85-853	Col. 2 Administra- tion authoriza- tion request for fiscal year 1960	Col. 3 Committee recommenda- tion for fiscal year 1960	Decrease (-) or increase (+) col. 2 less col. 3
Sec. 103(a). Military assistance.....	\$1,515,000,000	\$1,600,000,000	\$1,440,000,000	-\$160,000,000
Sec. 131(b). Defense support.....	750,000,000	835,000,000	750,000,000	-85,000,000
Sec. 203. Development Loan Fund.....	¹ 400,000,000	700,000,000	800,000,000	+100,000,000
Sec. 304. Bilateral technical assistance.....	150,000,000	179,500,000	179,500,000	-----
Sec. 306(a). U.N. technical assistance.....	20,000,000	30,000,000	30,000,000	-----
Sec. 306(b). Organization of American States technical coopera- tion.....	1,500,000	1,500,000	1,500,000	-----
Sec. 400(a). Special assistance.....	200,000,000	271,800,000	250,000,000	-21,800,000
Sec. 405(a). Intergovernmental Com- mittee for European Mi- gration.....	12,500,000	(²)	(²)	-----
Sec. 405(c). U.N. High Commissioner for refugees.....	1,200,000	1,100,000	1,100,000	-----
Sec. 405(d). Escapees.....	8,600,000	5,200,000	5,200,000	-----
Sec. 406. U.N. Children's Fund.....	11,000,000	12,000,000	12,000,000	-----
Sec. 407. Palestine refugees.....	25,000,000	25,000,000	25,000,000	-----
Sec. 409(c). Ocean freight.....	2,100,000	2,300,000	2,300,000	-----
Sec. 410. Control Act expenses.....	1,000,000	(³)	(³)	-----
Sec. 411(b). ICA administrative ex- penses.....	33,000,000	39,500,000	39,500,000	-----
Sec. 411(c). State Department admin- istrative expenses.....	6,692,500	-----	-----	-----
Sec. 419(a). Atoms for peace.....	5,500,000	6,500,000	6,500,000	-----
Sec. 451(b). Contingency fund.....	155,000,000	200,000,000	100,000,000	-100,000,000
Total.....	3,298,092,500	² 3,909,400,000	3,642,600,000	-266,800,000

¹In addition, \$150,000,000 has been appropriated during the 86th Cong., in the 2d supplemental appropriation for fiscal year 1959 (Public Law 86-30).

² Does not include funds for Intergovernmental Committee on European Migration and for State Department administrative expenses, for both of which there is a continuing authorization.

³ For fiscal year 1960 this authorization is included in sec. 411(c).

MUTUAL SECURITY ACT OF 1959

INTRODUCTION

Beginning on March 16, 1959, the committee held 11 weeks of hearings on the Executive request for the extension of the mutual security program. The committee held 44 meetings and heard 90 witnesses, including witnesses from the executive branch, church groups, and private organizations as well as individual citizens. The scope of the committee's interest and examination is demonstrated by the almost 2,000 pages of printed hearings.

The present bill providing for the extension of the various parts of the mutual security program is \$266,800,000 less than the Executive authorization request of \$3,909,400,000. The bill makes some changes in emphasis in the program and adds additional provisions intended to tighten up the administration of the program and thereby to make more efficient use of the dollars provided.

A table showing the reductions is found on the opposite page. The committee reduced the amounts in four instances and increased the amount in one. The addition to the Development Loan Fund of \$100 million reflects the committee's judgment that this is an effective instrument for promoting the orderly political growth and sound economic development of the less developed areas. The reductions represent the committee's collective judgment that a downward adjustment could be made safely without endangering the program.

The reductions which have been made and the changes which have been effected in the substantive portions of the bill will require a reevaluation by the executive branch of its goals and of its policy priorities. In addition, the reductions in certain segments of the program will of necessity result in a reduction in the amounts of assistance programed for individual countries.

NEED FOR CONTINUING MUTUAL SECURITY

The continuation of the mutual security program is vital to our national defense and is essential to the building of the peaceful and prosperous world in which we hope the generations to come will live.

Our military strategy depends on overseas bases and on the cooperation of the armed forces of other nations. If military aid were terminated, it would require the organization of a new defense structure. The magnitude of the replanning, reorganizing, and reequipping made necessary by such a fundamental change would take several years to accomplish and add billions to our defense expenditures. Obviously this would result in a heavier tax burden and increase the drafting of our young men. During this reorganization and rebuilding, and possibly thereafter, our military posture would be weakened.

We have entered into collective defense arrangements with more than 40 nations. With few exceptions, the implementation of these arrangements depends on the continuation of both military and economic assistance from the United States. If the United States were to cut off such aid, the immediate result would be political and economic chaos. The internal and external economic reorganization which would necessarily result and the inevitable political reorientation would be more than many free governments could survive.

The safety and well-being of our children and grandchildren will be determined to an increasing degree by our future relations with the newer and less developed nations of the world. Since World War II, 21 new nations and more than 700 million people have emerged from colonial status. The policies we follow and the actions which we take now and in the years immediately before us will determine whether we develop relationships with them of friendly and mutually advantageous cooperation or of misunderstanding and resentment. If there is to be peace in our time, the free world must increasingly be pulled together by bonds of economic self-interest, friendly understanding and common political goals. The mutual security program helps provide the essential foundations on which such a partnership must be built.

The problem confronting the Congress and the American people is not whether to continue the mutual security program, but how to adapt and improve it so that it can accomplish more effectively and efficiently its various objectives which are vitally important to our security and welfare.

PURPOSE AND CHANGE OF EMPHASIS IN PROGRAM

In several instances, involving both major and minor items, the present bill reflects the concern of the committee over the relative lack of balance between the military and economic aspects of the mutual security program.

Several amendments contained in the bill derive from the committee's conviction that, despite the desirability of better allocations within the overall economic assistance programs, these programs—especially those of the Development Loan Fund—are deserving of increased funds and support. At the same time and on a comparative basis, several amendments in connection with military assistance and defense support mirror the committee's uneasiness, not only over some of the current allocations within these programs, but also on the overall magnitude of the programs themselves.

The bill also includes new language intended to provide additional standards for more fruitful allocations of both military and economic assistance.

Thus, in major amendments of both a fiscal and nonfiscal nature, the committee in this bill has sought to emphasize the continuing and growing importance of economic assistance constructively allocated and adjusted to the abilities of the recipient governments to utilize such aid. The increase in the authorization for the Development Loan Fund, combined with new language adding standards for the Fund's guidance on loans, reflects these factors.

While fully accepting the need for continued military assistance in some parts of the world, the committee in the present bill expresses its concern over certain unintended effects which this assistance has had or may still have in the less developed areas of Asia, Africa, and Latin America. The fiscal reductions in military assistance reflect in part concern over excesses in amounts and unwise allocation of funds in some of these areas. New language in the bill, setting standards for military assistance and requiring the President to report to Congress all exceptions to these standards, is also an effort toward correcting these unwise allocations.

Section 2(c) of the Mutual Security Act presently provides that assistance under the act should be administered so as to assist other peoples in their efforts to achieve self-government or independence

under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence.

The charge has been made that our arms and equipment have on occasion been used by the recipient nations for other than the purposes agreed upon by such nations or intended under this act. The executive branch should take all possible steps to insure that equipment furnished under the Mutual Security Act is used only for the purposes for which furnished. These purposes are enumerated in section 105 of the Mutual Security Act.

ADMINISTRATION

Completion of plans and cost estimates

As a result of investigations conducted by the Committee on Foreign Affairs, the General Accounting Office, and the Subcommittee on Foreign Operations and Monetary Affairs of the Committee on Government Operations, it became apparent more than a year ago that in many cases money appropriated by the Congress was obligated and held for financing specific operations during the period that surveys were made, building sites selected, test borings taken, decisions reached and action initiated by the recipient government as to what agency would be responsible, where the local currency financing would come from and how the undertaking would be organized.

In an effort to correct this situation, the Committee on Foreign Affairs in the last session of the Congress wrote into the Mutual Security Act section 517, "Completion of plans and cost estimates," which requires the completion of engineering and financial plans before funds can be obligated for a project, together with a finding that necessary legislative action on the part of the recipient country might reasonably be anticipated to be completed within 1 year from the date of obligation.

Work of the Subcommittee for Review of the Mutual Security Programs

In addition to including section 517 in the Mutual Security Act of 1958, Chairman Morgan last October established a Subcommittee for Review of Mutual Security Programs with the following membership: Hon. Thomas E. Morgan, Pennsylvania, chairman; Hon. A. S. J. Carnahan, Missouri; Hon. Clement J. Zablocki, Wisconsin; Hon. Omar Burleson, Texas; Hon. Robert B. Chipperfield, Illinois; Hon. Chester E. Mellow, New Hampshire; and Hon. Walter H. Judd, Minnesota.

The subcommittee held hearings in December and January on various aspects of the mutual security program, including both military and economic assistance. Information resulting from these hearings was included in the "Interim Report of the Subcommittee for Review of the Mutual Security Programs" dated February 15, 1959.

The subcommittee also sent two auditors, detailed to it by the General Accounting Office, to Vietnam and Korea during March 1959 to conduct a field survey of certain phases of the economic assistance program. The report of this survey has just been released ("Staff Report on Field Survey of Selected Projects in Vietnam and Korea," May 14, 1959).

The ICA on May 20 made public announcement that—

“largely as a result of a study conducted by the House Foreign Affairs Committee of our projects in several

countries, we have just instituted some major changes in our procedures for project assistance which are designed to reduce the risk of premature obligations of funds for projects, and to bring about more rapid implementation of projects once they have been agreed upon.

The reports of the Subcommittee for Review of the Mutual Security Programs and of the General Accounting Office relating to military assistance indicate that the following conditions exist in a sufficient number of the less-developed countries to justify some curtailment of funds:

1. It is the policy of the Defense Department to turn over the responsibility for supply and logistics for military equipment and supplies provided under the military assistance program to the local military forces. The result is that some equipment is "lost" because of inadequate stock records, deteriorates because of improper maintenance, or is diverted and stolen because of improper controls.

2. The weapons and equipment supplied to the less-developed countries under the military assistance program are, in most instances, those designed for our own forces. In some countries programs limited to the cheaper and simpler items might be more effective than those now being implemented.

3. There are indications that equipment has been supplied to countries before there is sufficient trained personnel to operate and maintain it.

4. Governments receiving military assistance do not always cooperate promptly and effectively. This is not due, apparently, to lack of appreciation of our aid but is usually due to their preoccupation with their own political and budgetary problems.

In addition to the tightening of ICA administrative procedure which has been accomplished as a result of the work of the Foreign Affairs Committee and the reductions in authorizations for military assistance as well as for defense support and special assistance intended to induce further tightening of these programs, the bill includes a number of provisions intended to improve the administration of the program.

Establishment of Inspector General and Comptroller

Section 401(h) adds a new section to the Mutual Security Act which establishes an Inspector General and Comptroller directly under the Under Secretary of State to check up on the efficiency and effectiveness of mutual security operations. The purpose is to give a single individual with the necessary supporting personnel, a sufficiently high place in the executive hierarchy, sufficient independence from control by operating officials, together with sufficient authority and money to assure that that he will be able to detect shortcomings in the mutual security program and to make recommendations for correction which cannot be disregarded by those administering the program. In the judgment of the committee the creation of this new office will result in a significant improvement in the control and administration of all phases of the mutual security program.

Requirement of more precise and detailed information

In addition, the bill, section 401(i)(2), provides a complete revision of section 537(f) of the Mutual Security Act to specify more precisely the information to be supplied in future presentation of requests for mutual security authorizations and appropriations. It is based on suggestions submitted by Hon. Porter Hardy, Jr., chairman of the

Subcommittee on Foreign Operations and Monetary Affairs of the Government Operations Committee, which has cooperated with the Committee on Foreign Affairs in providing information resulting from the investigations of that subcommittee and in suggesting improvements in the mutual security program.

Extension of section 517 requirements to Development Loan Fund

The bill, section 401(e), also extends the provisions of section 517 mentioned above, relating to the completion of plans and cost estimates, to the Development Loan Fund. It has been the theory that all engineering and technical studies would be completed prior to the making of a loan agreement. In a few instances in the past, this has not been the case. The new provision will prevent a recurrence of such practices.

In the opinion of the committee, these new provisions, that is, the establishment of an Inspector General, the detailed requirements for program presentation, and the extension of section 517 to the Development Loan Fund, should bring about a further tightening of the program which, in turn, will result in more efficient accomplishment of the objectives of the program.

SECRET VOLUMES AVAILABLE TO MEMBERS OF THE HOUSE

Some of the material submitted to the committee in support of the mutual security legislation is classified by the Executive and cannot be released. Nearly all the details concerning the military assistance program are secret, and there are a number of other items relating to specific countries which cannot be given out. Part of this information is classified because it would aid our enemies if it were known to them. If the remainder of it became public, it would, in the judgment of our officials, injure relations with or among other nations. Furthermore, the announcement of specific amounts of economic assistance for specific countries must be delayed until congressional action on appropriations is completed in order to avoid unnecessary disappointments. The committee is obligated to observe these restrictions.

Neither the committee nor the Executive desires to keep any of this classified material away from any Member of the House. The most complete statement of the program is contained in six looseleaf volumes which are marked "Secret." A set of these volumes is available in the committee room on the gallery floor where it can be examined by any Member of the House who is willing to accept the obligation not to divulge the classified information. The volumes will also be available at the committee table while the bill is under consideration on the floor under the same conditions.

By no means all of the information in these volumes is classified, and every item classified is clearly marked so that it is not difficult for anyone examining the volumes to make certain what items are releasable. It would be helpful to the membership and the public if a greater part of the material were declassified.

STATEMENT OF POLICY

Section 2, amending section 2(a): Statement of Policy

Section 2 of the Mutual Security Act of 1954 containing the official statement of policy for the mutual security program has been

amended in this bill by the addition of a new opening sentence. The new language states:

(a) It is the sense of Congress that peace in the world increasingly depends on wider recognition, both in principle and practice, of the dignity and interdependence of man, and that the survival of free institutions in the United States can best be assured in a worldwide atmosphere of expanded freedom.

This language was adopted by the committee in an effort to place the entire mutual security program in a more positive, affirmative, and constructive context.

The committee feels that the previous language in the statement of policy, language retained in the present bill but following the above additional new language, does not express the full scope of the policies which underlie the mutual security program. Standing alone, the previous language seemed to imply that the mutual security program is intended only to combat the Communist danger to the United States and the free world.

There is no question that the mutual security program is a powerful defense against the Communist danger. The committee feels, however, that this language has not been a rounded, and in that respect a sufficient, explanation of our national purposes under this program. It does not state our full goals in world affairs or express adequately the common concern for the dignity of man which we share with peoples all over the world.

The committee also feels that the impression may have been given that the amount of American assistance to a country is related only to the magnitude of a local Communist threat.

The committee believes it is important, therefore, to make additionally clear in the policy statement what it believes is widely recognized in the Congress and among the American people that communism cannot be combated effectively by military assistance or even by economic development alone—but that frustrations which grow from injustice can be far stronger motivations toward communism than pure hunger.

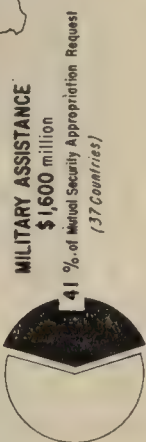
The new first sentence in the statement of policy intends to make clear that our first major purpose is to encourage free peoples to stand on their own feet, to make their own choices, to defend themselves against aggression, and to create economic and political conditions under which the principles of liberty and human dignity can take root, grow, and ultimately flourish. It recognizes that our global objective remains what it has always been: a world of freedom, justice, and peace in which all men may have the opportunity to develop freely and independently within the framework of their own cultures, religions, and national capabilities. Only in such a world can the United States develop freely and fully its own culture and national aspirations.

CHAPTER I. MILITARY ASSISTANCE

Section 101, amending section 103(a): Military Assistance

The bill authorizes an appropriation for fiscal year 1960 of \$1,440 million for military assistance. This is a reduction of \$160 million below the amount requested by the Executive and is \$75 million less than the appropriation for fiscal 1959. The authorization for military assistance is 39.5 percent of the total funds authorized in this bill.

**MILITARY ASSISTANCE
PROPOSED PROGRAMS, FY 1960**
(Countries to receive Grant Aid) *



* Excludes countries with credit financing only.

The distribution of military assistance based on the executive request for \$1,600 million was as follows:

Europe.....	\$477, 152, 000
Africa.....	7, 379, 000
Near East and south Asia.....	411, 988, 000
Far East.....	567, 244, 000
Latin America.....	96, 465, 000

Military assistance is planned for 37 countries, of which 11 receive military assistance only and 26 receive both military and economic assistance.

Military assistance is essential to U.S. military strategy and the mutual security of the free world. The United States maintains more than 250 military installations overseas. Without these overseas bases and other installations, the effectiveness of our planes and weapons would be seriously impaired. The Honorable Neil McElroy, Secretary of Defense, informed the committee (hearings, p. 94) that the United States will continue to need overseas bases for at least 10 years. For fiscal year 1960 and for the period immediately thereafter, the United States does not have, even in theory, a choice between a defense strategy which is dependent on military assistance to foreign nations and a defense strategy based on a "Fortress America" concept. The size and organization of our own Armed Forces, the types of weapons which we already have and which are in the process of development, as well as the number and characteristics of our aircraft, are all adjusted to a defense strategy which depends on having overseas bases and overseas military allies. Any decision to eliminate military assistance would inevitably require a reorganization and reequipment of our own forces, and a replanning of our strategy which would take several years to accomplish.

The military judgment of the commanders of our Armed Forces, who are responsible for the defense of the United States, is that the most effective defense strategy available is one in which the United States has access to overseas bases and other installations and the assistance of the armed forces of other nations.

In terms of the development of military strength the total active strength of the armies of allies of the United States increased from 3.6 million men in 1950 to 4.9 million men in the summer of 1958; the number of active and reserve combatant ships in allied navies increased from 1,200 in 1950 to nearly 2,500 in 1958, with some 1,700 in the active fleets or their supporting activities. The military aircraft inventories of the allies of the United States totaled, in 1950, about 17,000 aircraft, including only about 600 jet aircraft. By June of 1958, the total aircraft inventory was about 30,000, with nearly 14,000 jet aircraft.

The United States has spent \$22 billion since the beginning of the military assistance program to provide assistance to the forces of other nations. These nations which have been the recipients of our military assistance have spent during this period \$122 billion on their own military establishments.

The need for military forces overseas to supplement the U.S. Strategic Air Force was explained in detail by Gen. Lauris Norstad, Supreme Commander, Allied Powers, Europe, in his testimony before the committee (hearings, pp. 445-446):

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FREE WORLD DEFENSE EXPENDITURES (in billions) FY 1950-1958

\$340

STRENGTH TODAY
U.S.

OUR
DEFENSE

1700

2500

COMBATANT
SHIPS
including reserves

42,000

30,000

AIRCRAFT

0.9 million men

4.9 million men

ARMY

What would this cost the U.S.?

\$163

CANADA, AUSTRALIA
AND NEW ZEALAND
\$19

EUROPEAN
NATO
and other
Grant Aid Allies
\$122

U.S. MAP
\$22

ALLIES

U.S.

COST PER SOLDIER

PAY, ALLOWANCES, SUBSISTENCE AND CLOTHING



Again I want to remind you of what I have said about the retaliatory forces. These retaliatory forces continue to be absolutely essential and we depend upon them.

For that reason, because we believe and consider these forces are effective and must remain effective, and can remain effective, it is a basic NATO assumption that the Russians could not deliberately provoke a war in the face of the destruction that could be accomplished by these retaliatory forces. We believe this can continue.

Now, if that is the case—and we firmly believe that it is—then the great danger of a war is, of course, a war as a result of a mistake, an error in judgment, and again I would tell you that this error in judgment or mistake, could be most dangerous in a most important and most sensitive and most critical area, and NATO certainly is that area, or is one of the outstanding areas in that particular category.

Now, with that background of the retaliatory forces, we have taken—we have worked out, determined—certain specific objectives that must be achieved by any strategy, any concept. That is not only this particular strategy, but what must be the aim, what must be the purpose of the forces—what is required in addition to the retaliatory forces, and particularly in this area.

So we have taken three objectives, determined three objectives. The first is that if there is an incident of some kind, if there is a military incident, a clash of some kind, whether it is the result of deliberate decision or whether it is the result of an accident, we must have the means here to compel a pause, a break in the continuity of the action that has started.

That is the No. 1 objective of whatever plan we have. This is an objective.

The second objective is that in that pause we compel, we must force a conscious decision on the part of the Russians that they either will or will not go to war. They can't slide into it, they can't back into it, they can't wake up some morning and find they have gone too far.

We must compel them to make a conscious decision that they are either going to war or they are not going to war.

Third, when they are making this consideration, we must compel them to think in terms of the total cost, the total price that they would have to pay for their act and not permit them to think in terms of some small price, some small cost that might be extracted by some local forces someplace.

* * * * *

Now, let's assume in the first instance that we did not have the forces here. If we did not have very substantial forces, or if we were reduced to token forces in this particular area, again, as I have told this committee before, we would be wide open for a situation which could be developed by the Soviets or by the satellites whereby they would have an excuse or build up an excuse, to come across and actually take some territory on this side.

And if they could do this without using force, without using any substantial or any significant force, this would put us in an extremely difficult position because if we responded to this as an attack—and it would certainly be regarded as an attack, at least by the people in this particular area—if we were to respond in terms of the NATO Treaty, and we have the firmest commitment to do that, then we would bear the responsibility for using significant forces in the first instance.

I would believe that our decision would be the right one in this case, but I need not tell you it would be an extremely difficult one to take. The force not having been used against us, we must use significant force.

On the other hand, if we have significant forces—I am not talking about token forces, I am not talking about token forces because token forces, in my judgment, are nothing but idle threats and would create the most dangerous position we can put ourselves in. They must be real. They must be substantial.

Now, if we have these forces in adequate numbers, then if there is a mistake, whether it is a probing operation or whether it is an accident, there is strength enough there to take decisive action to meet this relatively small action, or the action that was less than a general war.

It would compel a pause. Whether the pause is a matter of hours or matter of days, or weeks or months, it doesn't make a bit of difference. There is a pause and they have to take a conscious decision to do something; to bring a force and to drive through. It can't be a mistake.

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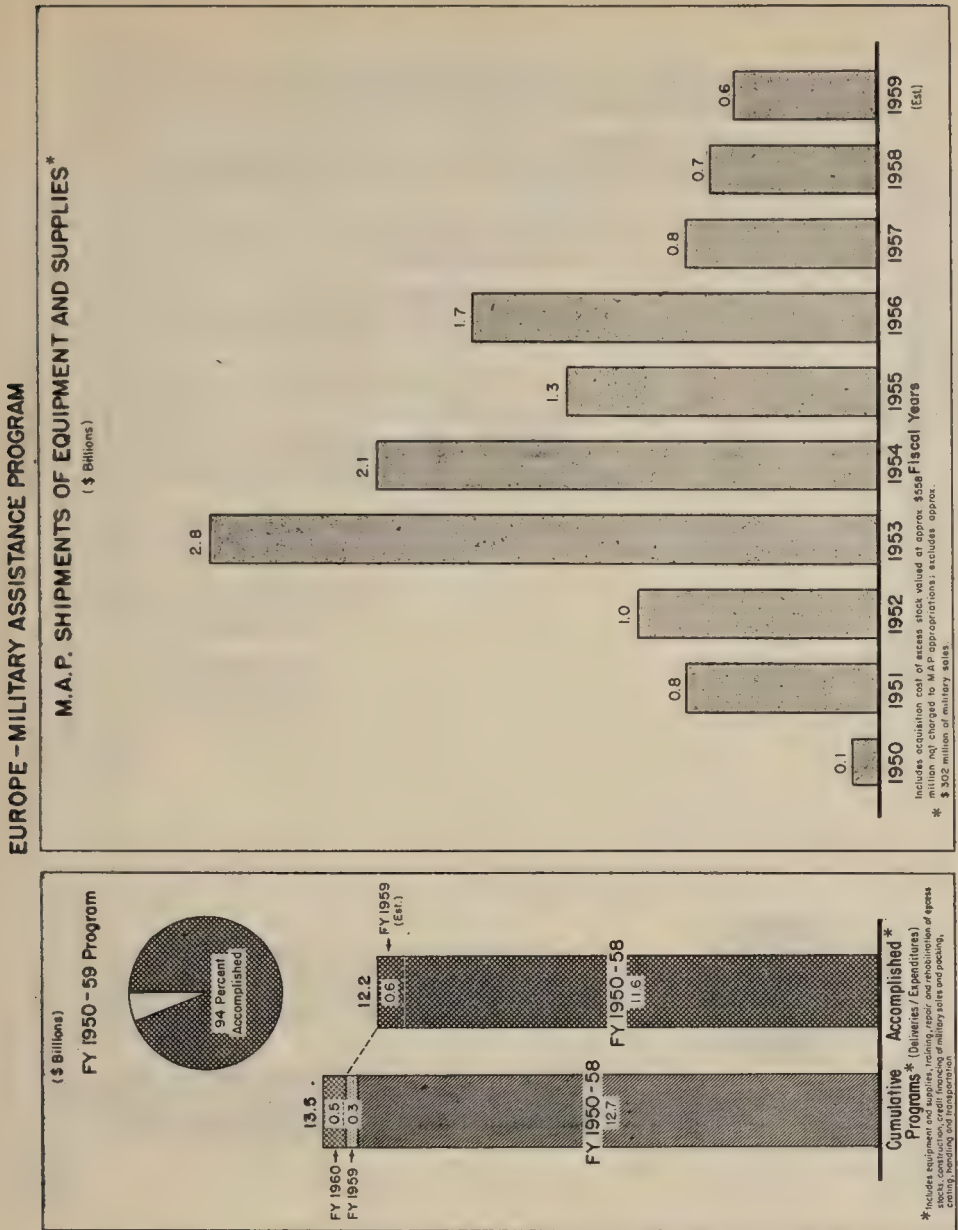
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In testimony before the House Committee on Appropriations, Gen. Thomas D. White, Chief of Staff, Air Force, made this pertinent observation to that committee on the Department of Defense appropriations, 1960:

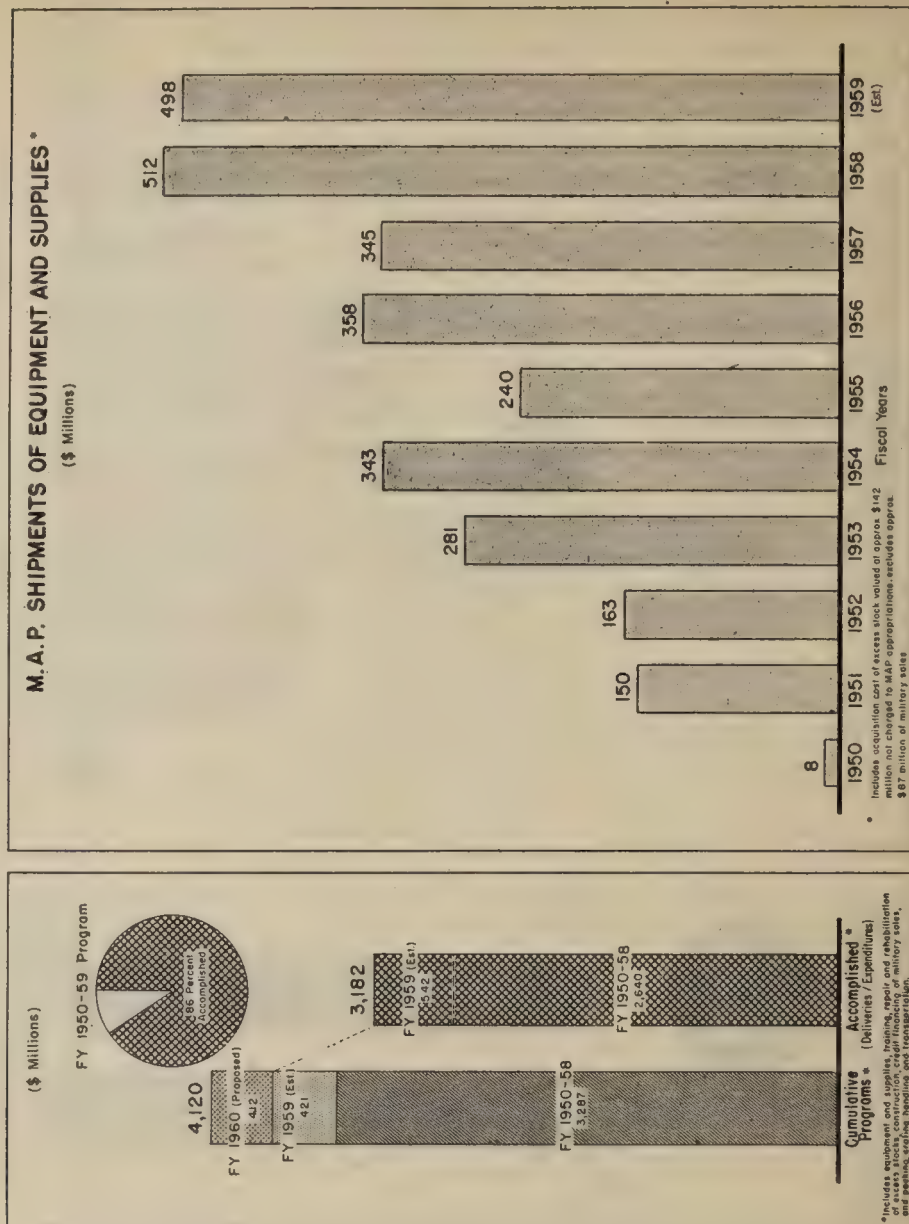
In addition, allied forces must be considered. They also possess a real capability for limited war situations. The U.S. Military Assistance program, combined with the efforts of our allies has resulted in allied ground, naval, and air forces of substantial size and growing effectiveness. These worldwide forces, supported as necessary by U.S. forces, present potential local aggressors with a formidable obstacle (H. Rept. 408, 86th Cong., p. 9).

Military assistance program for Europe

The military assistance program for Europe contemplated a program of \$477 million for fiscal year 1960 prior to the reduction in the total military assistance authorization by the committee. The program will provide materiel and training for 11 countries. Plans call for more modern aircraft for our European allies, for an improved air defense and antisubmarine warfare capability and in increasing delivery of missiles.

Military assistance program for the Near East, South Asia, and Africa

NEAR EAST AND SOUTH ASIA - MILITARY ASSISTANCE PROGRAM 1



The program submitted by the Executive for the Near East, South Asia and Africa for fiscal year 1960 amounted to \$419 million. Four of the nations receiving assistance in this area form a solid defense line south of the Sino-Soviet area and are members of one or more free world collective security arrangements—Greece (NATO), Turkey (NATO and the Baghdad Pact), Iran (the Baghdad Pact), and Pakistan (the Baghdad Pact and SEATO). None of the countries of this area has either the financial resources or the industrial capacity to provide the military equipment necessary for it to carry out the strategic role for the common defense which has been assigned to it.

Military assistance program for the Far East

FAR EAST AND PACIFIC - MILITARY ASSISTANCE PROGRAM

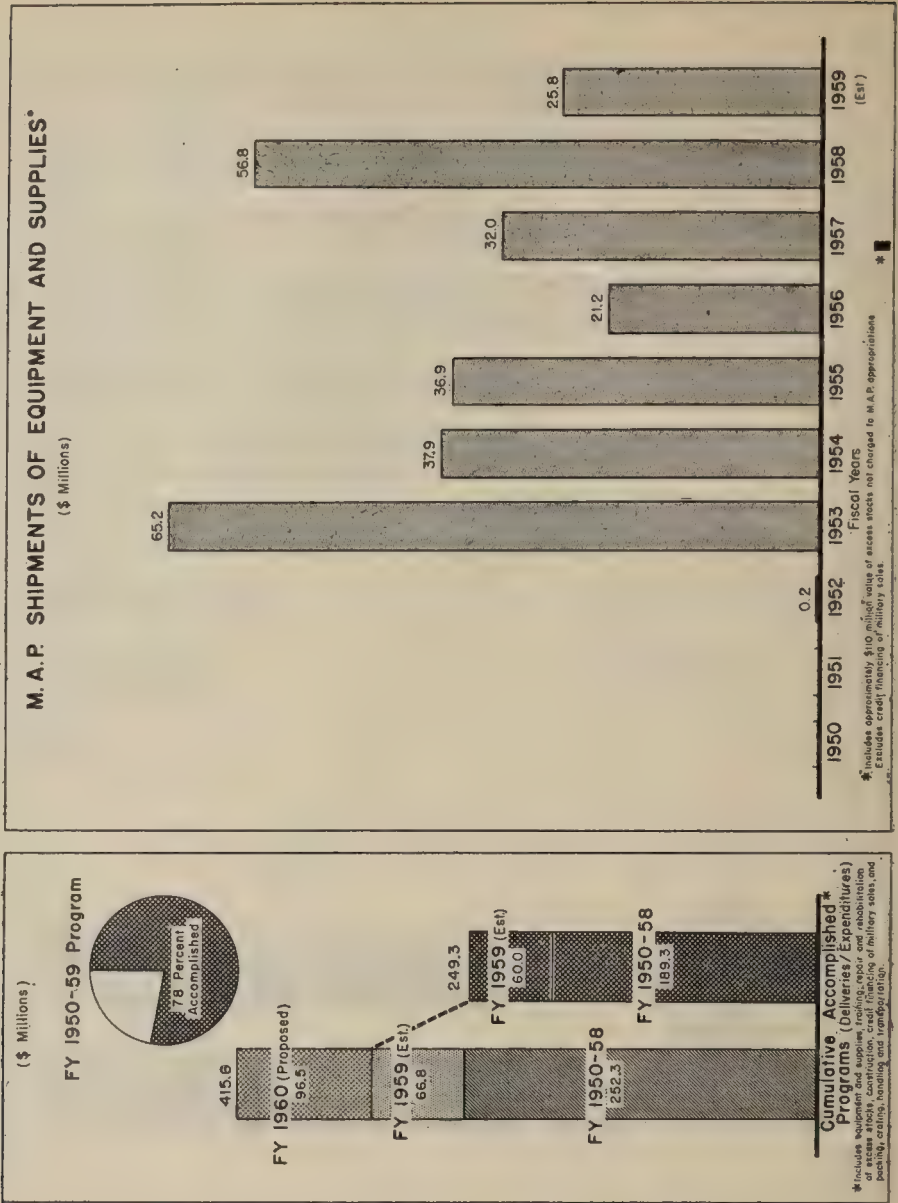


The military assistance planned for fiscal year 1960 for the Far East was \$567 million. Military assistance is contemplated for 9 nations in the area, of which 57.7 percent has been programed for China (Taiwan), Korea, and Viet-Nam, all of which have demonstrated their determination to resist Communist military aggression.

The continued defense of Korea, where U.S. military forces still man a portion of the armistice line, would not be possible without large-scale military aid. The courage and fighting skill of the Chinese nationalists on Taiwan have recently been demonstrated in the fighting in the Quemoy area. Particularly impressive was the success of the Chinese Air Force in downing Communist Chinese aircraft at a ratio of 8 to 1.

Military assistance program for Latin America

LATIN AMERICA - MILITARY ASSISTANCE PROGRAM



The authorization request for military assistance to Latin America for fiscal 1960 was \$96,465,000, which includes \$39 million to finance credit sales of U.S. military equipment. In making a reduction of \$160 million in the overall authorization for military assistance, no specific limitations were enacted as to the areas to which reductions should be applied. It is the judgment of the committee, however, that there should be a reasonable reduction of military armament grants to Latin America as a first step toward carrying out the recommendations of the Subcommittee on Inter-American Affairs, as follows:

We therefore feel that the longrun interests of the United States and Latin America will be better served by an orderly

and gradual reduction of military armaments grants with the ultimate goal of termination of the program, and the subcommittee so recommends.

At the same time we realize that countries will desire and require armaments for hemisphere defense objectives. The subcommittee therefore recommends that armaments for this purpose be on a purchase rather than on a grant basis.

* * * The subcommittee finds that grant funds which have been spent by the United States to assist the Latin American nations in the training of their military personnel in the United States and the Panama Canal Zone have been well spent. We therefore recommend a continuation of the program. (H. Rept. No. 354, 86th Cong., 1st sess., p. 7.)

The United States is providing military assistance to 12 nations in Latin America, all of which have agreed to assist in carrying out military missions important to the defense of the Western Hemisphere. All of the nations of Latin America are signatories of the Rio Treaty which commits them to the common defense of the area. Two countries, the Dominican Republic and Brazil, have authorized the United States to maintain missile tracking equipment on their territory.

In addition to the grant for military assistance for the 12 countries which have entered into bilateral military assistance agreements with us, it is proposed to provide \$39 million to finance credit to Latin American countries for the purchase of U.S. military equipment.

Section 102, amending section 105—Limitations on furnishing of military assistance

Section 102 of the bill adds a new subsection (b) to section 105 of the Mutual Security Act of 1954 as amended. This change reflects the committee's concern over certain wasteful, ineffective and self-defeating aspects of our military assistance allocations.

The committee remains convinced that substantial American military assistance continues to be absolutely essential to many countries, especially in Europe, the Far East, and southeast Asia. The committee is especially disturbed, however, about the effects—many of them surely unintended—of the shipment of arms and weapons to the governments of underdeveloped countries who may be principally endangered, not by direct Communist armed aggression, infiltration or subversion, but by internal economic needs, injustices, and frustrations.

On occasion, our military assistance has been granted for political reasons with unfortunate results. These results have occurred when we have tied our prestige and influence to the dubious tenure of a dictatorship subsequently overthrown, helped to burden an unstable new government with an excessive military load, adding to internal economic strains, and helped to inflate the political power of a local military group, handicapping the country's initial efforts toward democracy. It has sometimes diverted internal efforts away from tasks which the committee believes to be essential, such as, growing rice, eradication of malaria, building schools, clinics, and roads.

Finally it has also, in places, disrupted delicate, regional balances of power between the recipient nation and its non-Communist neighbors.

The committee realizes that overriding considerations may in rare cases require the granting of arms and weapons, despite the possibility of disrupting effects. The bill now contains language, however, requiring the President to weigh all of these matters specifically. The committee assumes and states in this new language, that arms or weapons are furnished to meet the danger of direct Communist armed aggression, infiltration or subversion, or to perform agreed missions under treaty arrangements; that the arms and weapons furnished are appropriate in type and amounts to these needs; and that the defense effort of the recipient nation does not overburden its economy or strain its relations with its non-Communist neighbors, to a disproportionate degree.

Subject to fulfilling present commitments, the bill requires all exceptions to these provisions, whether in the form of new or renewed commitments, to be reported expressly to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate.

It is the committee's hope and expectation that this new language will be of assistance to the President in his negotiations with other governments, just as it will be of assistance to the Congress in evaluating future requests for military assistance authorizations.

CHAPTER II. ECONOMIC ASSISTANCE

DEFENSE SUPPORT

Section 201, amending section 131(b): Defense support

This section amends section 131(b) of the Mutual Security Act of 1954 by striking out language referring to the authorization for fiscal year 1959 and including an authorization of \$750 million for defense support for fiscal 1960. This is a reduction of \$85 million below the Executive request and is the same amount as was appropriated for fiscal 1959.

Defense support is economic assistance restricted to certain nations which receive U.S. military aid in support of significant forces. Only the following 12 nations are currently scheduled to receive defense support in fiscal 1960:

Korea	Laos	Iran
Republic of China	Cambodia	Turkey
Viet-Nam	Thailand	Greece
Philippines	Pakistan	Spain

The countries receiving defense support maintain forces of over 3 million men, more than the total number of men in the U.S. Armed Forces. These forces and the vital bases made available to the United States are essential to the free world defense, and cannot be maintained without this assistance.

Except for Spain, whose main contribution is the base rights which it is making available, each of these 12 countries is part of the land and offshore island belt that forms the immediate southern and eastern boundary of the Sino-Soviet empire. This closeness to Communist areas gives these nations a special strategic significance. It also makes them prime targets of communism.

Six of these nations—Greece, Turkey, Iran, Pakistan, Thailand, and the Philippines—are members of one or more of the major collective

security organizations (NATO, SEATO, and the Baghdad Pact). The preservation of the territorial integrity of three others—Laos, Cambodia and Viet-Nam—is covered by one of these collective security arrangements, SEATO, even though they are not themselves parties thereto. Moreover, the United States is committed to the defense of still two more, Korea and Taiwan, by two bilateral mutual defense treaties, both signed in 1954, and by reason of separate pledges and statements of intention (in the case of Korea, the so-called Joint Policy Declaration of the Sixteen, and in the case of Taiwan, a congressional joint resolution). The Philippines is also covered by a bilateral mutual defense treaty.

Six of these countries, Spain, Greece, Turkey, Taiwan, the Philippines, and Korea—are also the sites of major U.S. military installations which have an important role in the United States and allied defense plans.

Countries receiving defense support have many problems of development and economic management. The size of the military establishments that are maintained is a heavy burden on the resources they have available for all the objectives they desire to attain. In the absence of defense support assistance to supplement the military assistance these countries receive, they would need to (a) reduce the capability of their defense forces drastically to a level they could afford to maintain, (b) depress their already low standards of living and accept the economic and political consequences of supporting military forces beyond their capabilities, or (c) in unusual cases, such as Greece, decrease the rate of economic growth necessary to maintain longrun economic and political stability.

Defense support is provided to these countries, each of which is poor and is maintaining a military effort considerably in excess of its economic capacity, so that they may continue to maintain armed forces at the levels which are believed to be necessary to provide the minimum defense required to deter and defend against Soviet aggression. While defense support has a military objective—that of enabling or encouraging the recipient nation to make some specified contribution to free world common defense—it is in fact economic assistance whose immediate impact is primarily on the civilian economy. A major part of the money is spent by the United States in the United States to pay for commodities, machinery, and materials supplied to the recipient country through normal commercial channels.

Limited capacity of less developed countries to utilize assistance for economic development

The authorization for defense support was reduced primarily because, in the judgment of the committee, the capacity of certain of the less developed nations to make effective use of economic aid is limited, and there are indications that in some instances in the past more funds than could be constructively used from an economic standpoint have been allocated for such programs.

This difficulty in getting International Cooperation Administration procedures so adjusted that money to finance economic development is not made available sooner than necessary reflects a basic difficulty in carrying on such a program—the problems encountered in the less developed nations in using effectively funds already available. The experience with the individual projects reviewed by the Subcommittee for Review of the Mutual Security Programs provides an

impressive record of the variety of obstacles encountered and of the time required to solve problems which in an industrialized country would be either routine in nature or nonexistent. These are the difficulties it is our job to overcome, not reasons for slackening our efforts.

Estimates of the annual requirements for development assistance for individual countries have emphasized the amount of capital investment needed to produce a desired increase in the standard of living. While economists apparently have been able to establish useful relationships between annual investment and increased production, the record of the International Cooperation Administration indicates that the difficulties of converting money into invested capital in the less developed countries have been underestimated.

Of particular importance in this respect is the absence of local commercial interest, managerial skill, and trained technical personnel. It is possible for governments to build and ultimately to operate powerplants, irrigation projects, and highways. It has proved to be difficult to build and get into successful operation factories, such as sawmills, which are normally operated by private enterprise, unless there is a local businessman able and ready to make and assume responsibility for the necessary commercial judgments involved.

Such difficulties as these are inherent in the situation confronting the mutual security program in many of the less developed countries. They indicate that there is no way of circumventing the necessity for time to elapse in order that the education, institutions, and culture of a nation may develop along with its physical equipment. The United States faces a difficult problem in determining the most effective rate of flow of economic assistance of this nature to such nations. In some instances there are indications that so far this flow may have been more rapid than justified. The committee reduced the authorization for defense support by an amount sufficient to prevent further overfinancing.

Section 202, amending Section 142(b): Utilization of Counterpart Funds

This section amends clause (iii) of section 142(b) of the Mutual Security Act to authorize that local currencies deposited in accordance with the provisions of that section be used for the advancement of education, including the establishment, expansion, or operation of schools, colleges, or universities for the promotion of vocational, professional, scientific, technological, or general education, and also adds a proviso that whenever funds from such special account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States.

These provisions apply to local currencies deposited as the result of the import or sale of commodities provided under the mutual security program. Most of the currencies so deposited (in most cases at least 90 percent, in some cases 95 percent, in exceptional cases 100 percent) are subject to the joint control of the depositing government and the United States and under existing law can only be used for purposes for which new funds authorized under the mutual security program would themselves be available. This provision authorizes such funds to be used by joint agreement to include the advancement of education.

There have been a number of instances in which funds from the special account have been loaned. When such loans are repaid, it is the purpose of the language of the proviso that their reuse must be subject to joint control. This language was included in the mutual security legislation in 1952. When the mutual security legislation was revised and codified in 1954, this language was omitted although the International Cooperation Administration has continued to follow this requirement as a matter of administrative practice. In the judgment of the committee it is desirable to reinstate this provision of law.

DEVELOPMENT LOAN FUND

Section 203, amending title II of Chapter II: The Development Loan Fund

Section 203(b) contains an authorization of \$800 million for the Development Loan Fund. The funds authorized are to continue available without fiscal year limitations. This \$800 million authorization represents an increase of \$100 million over the amount requested by the executive branch. The increase reflects the conviction of the committee that the development of the less-developed areas is vital to the peace and security of the world, and is in the interest of the United States. It also reflects an increased emphasis on the economic segments of the mutual security program.

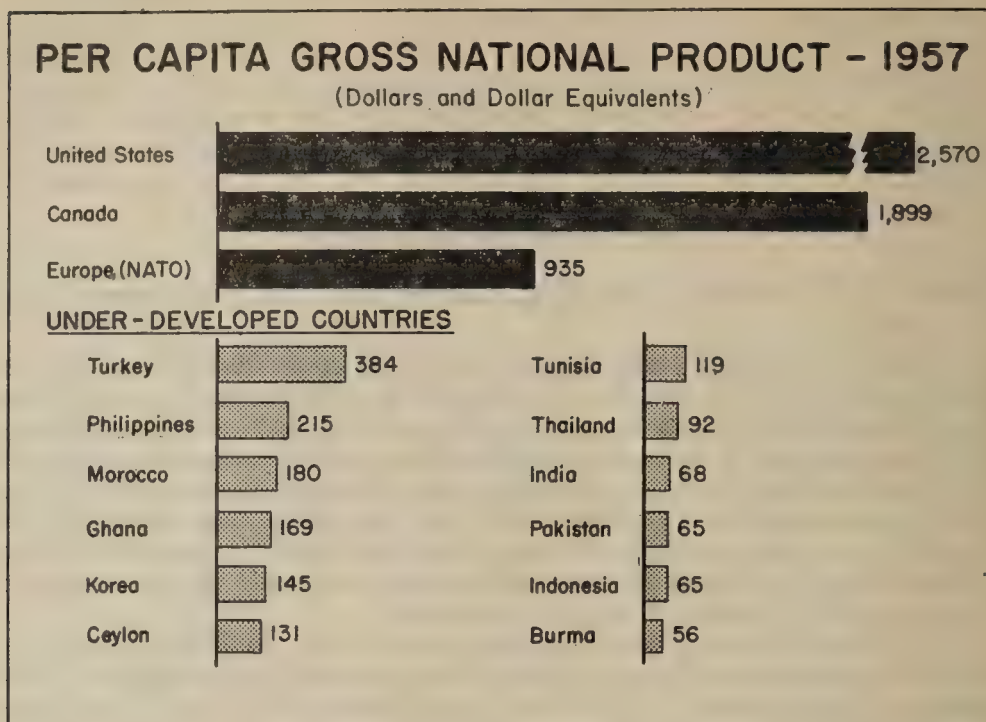
The Development Loan Fund was established in 1957 in order to provide a source of financing for the economic development of the less-developed areas. It represents a distinct departure from previous practices under which a variety of techniques was used to provide loans and grants for this purpose.

The further development of these areas is distinctly to the advantage of the United States. More than two-thirds of the world's population live in these less-developed regions. Prior to World War II many of these people were resigned to lives of poverty and dependence. But more recently there has been what is aptly called a revolution of rising expectations. The peoples of these areas are determined not only to govern their own destinies and to achieve dignity and self-respect, but also to improve their standards of living, their health, and their education.

It is to the interest of the United States to help them achieve these goals for a number of reasons. First, the friendship and understanding of these new countries are vital to the well-being of the United States. Second, the development of these areas will inevitably expand world trade with a consequent benefit to the United States. Finally, but not least important, is the firm conviction on our part that the peoples of the world should achieve their aspirations for an improved lot.

The Sino-Soviet bloc has undertaken a broad program of economic and military assistance in the less-developed areas of the world. Military assistance has been furnished in substantial quantities to Egypt, Syria, Iraq, Afghanistan, Yemen, and Indonesia. Economic credits and grants have been made to Indonesia, Cambodia, Burma, Ceylon, India, Afghanistan, Syria, Egypt, Iceland, and Argentina. Similar grants have been made to other countries. These military assistance and economic assistance credits and grants represent a determination on the part of the Sino-Soviet world to penetrate and to win over the less developed areas of the world. The Soviet competition poses a challenge to the United States and to its interests.

There follows a chart showing the comparative per capita gross national product of some of these countries:



The Development Loan Fund is supplemental to other loan institutions. No loan can be made by the Fund if it can be more appropriately handled by private enterprise, by the Export-Import Bank, or by the International Bank for Reconstruction and Development. Prior to making a loan, the Board of the Development Loan Fund must by law take the following items into consideration: (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms; (2) the economic and technical soundness of the activity to be financed; (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title; and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved.

The Development Loan Fund was originally created as an integral part of the International Cooperation Administration. Last year, however, the Fund was incorporated and is now a Government corporation.

As of April 30, 1959, the Fund had received \$700 million in appropriations. Final loan agreements had been signed for \$501.7 million of this amount. Other commitments, which represent firm earmarkings of funds, had been made for an additional \$196.3 million and \$1.250 million has been set aside for administrative expenses. There follow tables and charts showing the fiscal position of the Fund and the geographical distribution of loans:

STATUS OF DEVELOPMENT LOAN FUND LENDING WITH RESPECT TO LENDING AUTHORITY

[In thousands of dollars]

	End of fiscal year 1958 (actual)	As of Apr. 30, 1959 (cumulative)
Lending authority available:		
Appropriated, fiscal year 1958.....	\$300, 000	\$300, 000
Appropriated, fiscal year 1959.....		400, 000
Less administrative expenses.....		-1, 250
Accrued interest and fees received.....		*477
Total lending authority.....	300, 000	699, 227
Charges against lending authority:		
Loans and guarantee agreements signed (obligations).....	102, 100	501, 656
Loan commitments not yet signed.....	165, 286	196, 250
Total commitments against lending authority.....	267, 386	697, 906
Receipts not yet available.....		477
Uncommitted authority.....	32, 614	844

STATUS OF PROPOSALS TAKEN UNDER CONSIDERATION

Commitments against lending authority (cumulative).....	\$267, 386	\$697, 906
Proposals under consideration and on hand (end of period).....	1, 635, 232	1, 440, 849
Proposals no longer under consideration (end of period).....	312, 448	874, 948
Total proposals received (end of period).....	2, 215, 066	3, 013, 703

NOTE.—Since this exhibit reflects the status of funds as of Apr. 30, 1959, the \$150,000,000 May 1959 supplemental appropriation has not been included in the computations.

The need for additional funds over and above those requested by the executive branch is highlighted by the fact that the Fund has earmarked all of its available funds—excluding the very recent supplemental appropriation. Even so, the Fund, as of April 30, had more than \$1.4 billion of loan proposals under consideration after having approved \$698 million in loans and after having weeded out \$875 million in proposals which could be financed from other sources, or which were economically unsound, or which should not be financed by the Fund for other reasons. New proposals can be expected to continue to come in at a rapid rate. Consequently additional funds are necessary in order to do an adequate job.

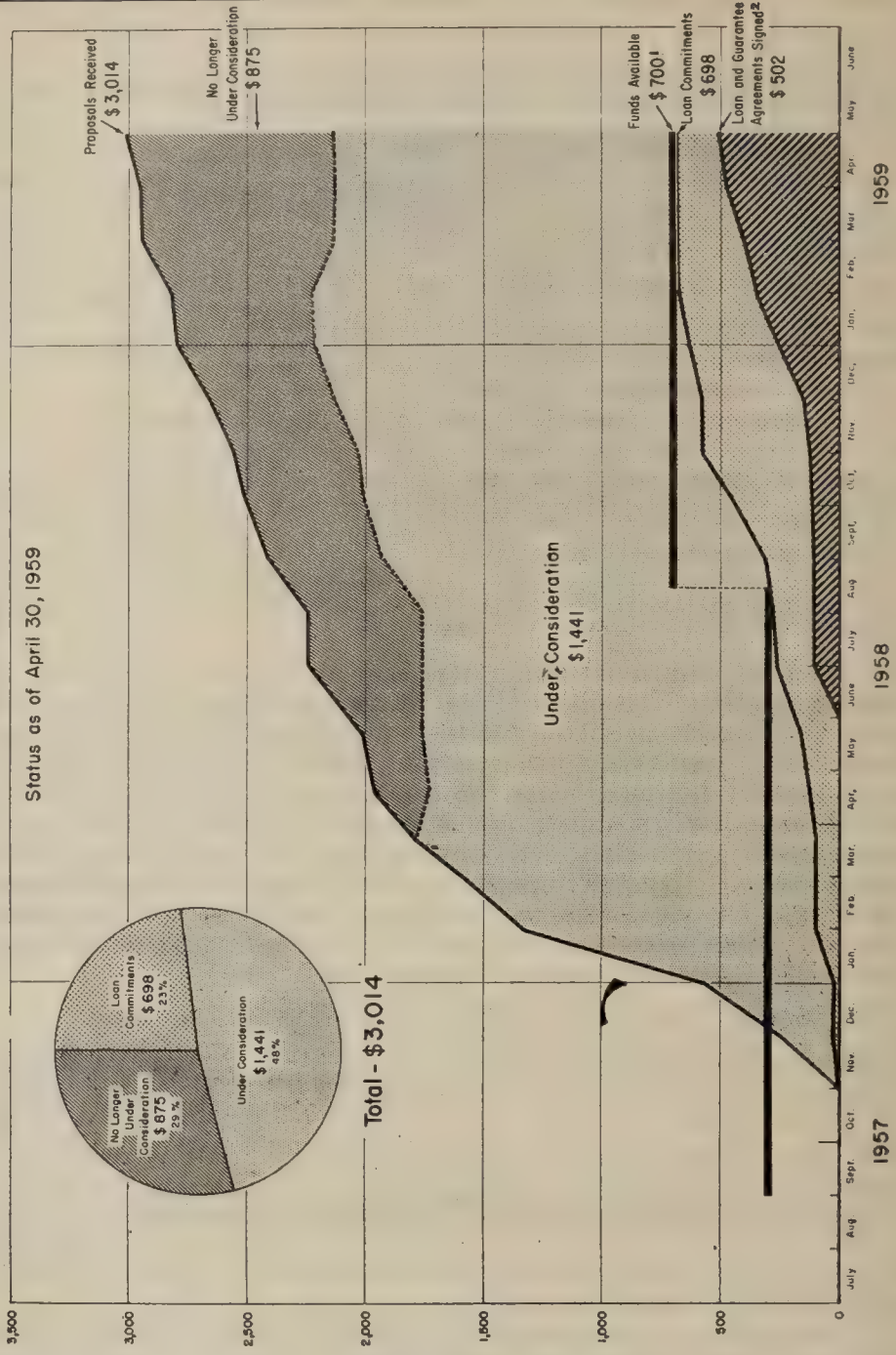
Section 203(a)(1), amending section 202(b): International trade

As pointed out previously the act now requires that the Board of the Development Loan Fund take four factors into consideration prior to making any loan commitment: (1) whether financing could be obtained from other sources; (2) the economic and technical soundness of the activity to be financed; (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacity; and (4) the possible adverse effects upon the economy of the United States with special reference to areas of substantial labor surplus.

The committee, in reviewing the extent to which the Board has observed these criteria, understands that, although the Fund's action in making a resettlement loan to a developed country was supported by legislative history, the adoption of the amendment in this bill allowing the use of U.S. foreign currencies held in any Latin American country for land resettlement programs should make unnecessary future resettlement loans to developed countries.

DEVELOPMENT LOAN FUND TREND¹

(\$ Millions, Cumulative)



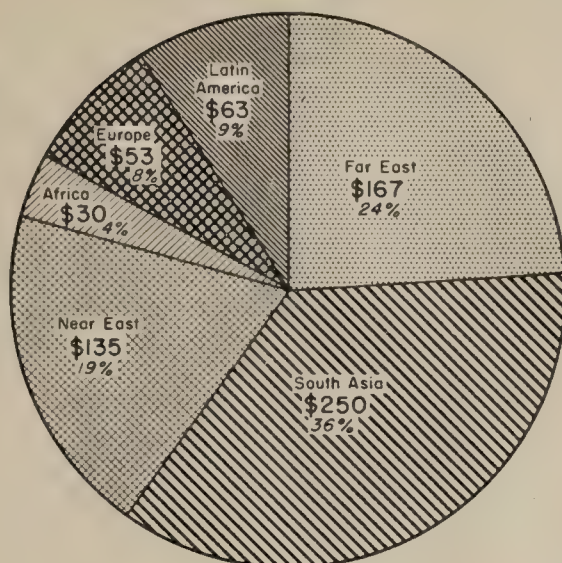
Revised May 12, 1959

¹ Since this exhibit reflects the status of funds as of April 30, 1959, the \$150 million May 1959 supplemental appropriation has not been included in the computation.
² Includes loan guaranty agreements.

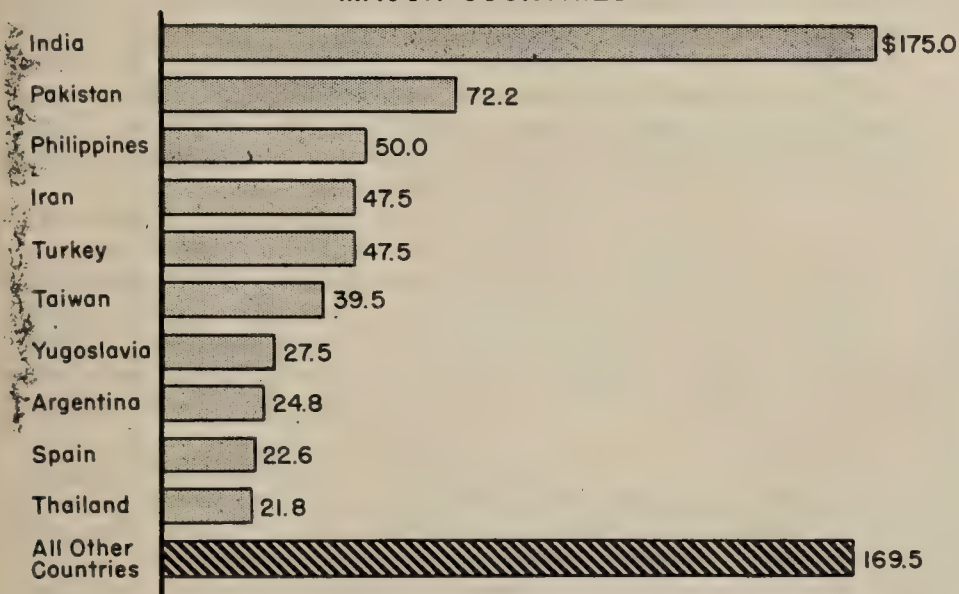
LOAN COMMITMENTS

As of April 30, 1959

(\$ Millions)



Total.....\$698

MAJOR COUNTRIES

Revised May 19, 1959

The amendment includes in the fourth item a new consideration; namely, the net position of the United States in its balance of trade with the rest of the world. This is intended to insure that the Board will give consideration to the overall fiscal and economic position of the United States in determining whether a particular loan or guaranty should be made.

Section 203(a)(2), amending section 202(b): General authority

The insertion of a new third sentence in section 202(b) provides guidance for the Fund in determining the priority to be attached in considering loan requests from among the less developed countries. It is assumed, since Fund assistance is based on the principles of self-help and mutual cooperation, that the government of the country of the borrower will show an active determination vigorously to promote its people's economic welfare and to make the necessary sacrifices to this end. It is the sense of this provision that the Fund, in its operations, should recognize that most effective use of its resources will occur in those countries whose governments—

(a) are endeavoring to respond to the long-range economic, political, and social aspirations of their people. Examples of such responsiveness may be reflected in efforts by such governments to develop a competent civil service, to improve literacy, to advance education, to widen the scope of suffrage, and to develop an equitable pattern of private land ownership;

(b) recognize that the achievement of economic development requires the effective mobilization of internal resources. Effective mobilization may often be dependent upon equitable tax, fiscal and monetary measures (including appropriate foreign exchange controls to curb luxury imports);

(c) can demonstrate that development loan assistance from the United States contributes to a practical set of long-term economic objectives developed by the country of the borrower. These objectives may helpfully be formulated in comprehensive programs for long-term economic development.

In proposing these standards for guidance to the Fund, the committee does not intend in any way to propose that the Fund interfere or meddle in the internal affairs of other governments. That would only lead to mutual embitterment of relations. Nor does the committee in any way mean to suggest that those governments whose countries are not yet in a position to qualify for major development assistance should be cut off from specific project assistance or emergency aid of various kinds.

On the contrary, the committee intends, through these changes, to encourage less developed nations to strive as effectively as possible to qualify for major development assistance. In the meantime, such nations may require special effort and assistance under other sections of the Mutual Security Act. However, it is the committee's hope and expectation that development loans will be more adequately directed toward those countries whose situation already qualifies them for special consideration.

Section 203(a)(3), amending Section 202(b): Guaranty Provisions

Section 202(b) of the Mutual Security Act presently permits the Development Loan Fund to engage in various forms of financing

operations or transactions including the making of loans, credits, or guaranties. The authority to make guaranties specifically excludes guaranties of equity investment against normal business-type risks.

There has long been a realization that the role of private enterprise in the development of the less developed countries should be expanded and increased. The risks of commercial investment in many of these areas are so great, however, that private capital has been reluctant to enter these areas. This was one of the reasons that the credit guaranty authority was originally included in the Development Loan Fund provisions.

This amendment specifies that the fractional reserve maintained by the Development Loan Fund for any guaranty shall not be less than 50 percent of the face amount of such guaranty. The amendment expresses the intent that the Development Loan Fund shall encourage the participation of private enterprise by the use of guaranties. It is recognized that the 50-percent limitation might be somewhat high, but in view of the lack of actual experience in this type of transaction, the committee specified that the fractional reserve to back the guaranty should in no case be less than 50 percent.

Section 203(b), amending Section 203: Capitalization

As pointed out previously, the committee increased the authorization for the Development Loan Fund from the \$700 million requested by the executive branch to \$800 million, an increase of \$100 million. This increase reflects an increased emphasis on economic assistance and the belief that the Development Loan Fund is a sound means of encouraging the development of less developed countries. This section also strikes out the existing section 203(a) thereby eliminating all outstanding authorizations against which appropriations have not been made.

Section 203(c) amending Section 204(b): Fiscal Provisions

This is a technical amendment to delete a subsection reference which is now obsolete.

TECHNICAL COOPERATION

Section 204(a), amending Section 304: Bilateral Technical Cooperation

Section 204(a) amends section 304 of the act which relates to bilateral technical cooperation by deleting an obsolete authorization for an appropriation and substituting an authorization for an appropriation of \$179,500,000 for fiscal year 1960.

Bilateral technical cooperation programs are carried out in 49 countries and 9 territories. They are the most widespread, the least costly, and, in many ways, the most effective of all the programs conducted under the mutual security legislation. The programs are designed to introduce innovations and increase the skills of people in the less developed countries to enable them to achieve an improved standard of living. Emphasis falls in the fields of health, education, agriculture, industry, and interrelated areas so as to lay the basis for long-term benefits to the population. For next year 79 percent of the funds are proposed to be used to pay for U.S. technicians, the training of local

participants, and contracts with American universities and firms providing specialized services. Only 7 percent will be used for demonstration supplies and equipment. The balance will be used to contribute to joint funds supporting cooperative services, such as the "servicios" in Latin America, to cover the costs of employment of local personnel and of local facilities, and to finance supporting services in Washington.

The program proposed for Europe and Africa will amount to \$23,700,000, an increase of \$6,369,000 over the present year. Practically all of the increase relates to the African portion of the program. In Europe the programs for Spain and Yugoslavia remain at almost the same level as in the current year. The increased African requirement results from the newness of the programs in Morocco, Tunisia, Ghana, Somalia, and Nigeria, and the British East African territories; emphasis on multicountry projects for Africa south of the Sahara; and the expansion, in an evolutionary way, of programs in Ethiopia and Liberia.

For the Near East and south Asia the 1960 program is estimated at \$50,600,000, an increase of \$8,722,000 over the present year. The largest increase is for the program in the Sudan, which is less than 2 years old and in the phase of rapid expansion. Other major increases are for Pakistan and India.

The Far East region is programed at \$36,700,000, an increase of \$4,250,000. This results from small increases in the programs of a number of countries, primarily Viet-Nam, Indonesia, and Korea. A decrease is proposed for the program in Japan.

For Latin America the total program will be \$45,200,000 an increase of \$9,050,000. This will cover increased costs and permit a modest expansion of a majority of the country programs. Substantial expansion is proposed in the Brazil program.

It is planned that there will be increased use of technical cooperation funds for financing surveys, including general surveys of development potentials and priorities, and specific preliminary surveys of individual project proposals to provide evaluation on such things as economic and technical feasibility required as an initial step in the development of applications for external financing of development projects. It is also proposed to intensify training programs primarily through a greater utilization of host and third country training facilities, and possibly to make some increased use of funds for research directed to the problems of less developed areas.

Last year the committee increased the authorization for technical cooperation activities and related programs by adding \$8 million to the executive request. The increment was primarily intended to strengthen the personnel side of the program including recruitment processes, staff training, and language instruction. On the recruitment side, accelerated steps have been taken that have made possible a net gain of 399 filled overseas positions during the first 9 months of fiscal year 1959 compared with a net gain of 114 positions for the comparable period in the previous year. Training in foreign languages has been expanded both in Washington and at overseas posts by agreement with the Foreign Service Institute of the Department of State. Intensive prearrival language training was given to 134 ICA employees as of March 31, 1959. As of the same date 1,008 employees and 297 dependents were enrolled in overseas classes. The participant training program has been augmented with emphasis on English

language training facilities in the less-developed countries and on supporting services both in the United States and abroad. The committee is pleased with the progress made. The fact that the entire sum has not been used indicates that careful planning has preceded the several components of the improved personnel program and that those administering the program are responsive to the committee's wishes.

Section 204(b), amending Section 306: Multilateral Technical Cooperation

Section 204(b) amends section 306 of the act which relates to multilateral technical cooperation and related programs in two respects. Paragraph (1) amends subsection (a) dealing with contributions to the United Nations expanded program of technical assistance and the special fund by deleting obsolete language for an authorization of an appropriation and authorizing an appropriation of \$30 million for U.S. contributions for calendar year 1960. The proviso in existing law limits the total contribution of the United States to the expanded program of technical assistance and the special fund to a maximum of 40 percent of the total amount contributed by all governments to both programs for 1960. Paragraph (2) amends subsection (b) covering contributions to the technical cooperation program of the Organization of the American States by deleting obsolete language for an authorization of an appropriation for fiscal year 1959 and substituting an authorization for an appropriation of \$1.5 million to the Organization of American States program for calendar year 1960.

The United Nations expanded program of technical assistance and the more recently established special fund are designed to stimulate international cooperation in the economic development of the less-developed countries. These multilateral approaches are in addition to our bilateral programs. The multilateral approach has several advantages. It makes available a greater pool of technically qualified personnel than could be supplied by the United States. About 1,500 experts from 63 countries are currently engaged in program activities. Similarly, the training facilities of more countries, many of them closer to the recipient country, are made available. Among the newer countries there is a sensitivity to the charge that they are under foreign influence. They often find it preferable to use the resources of an international agency. There is the further advantage that this program puts upon other governments 60 percent of the cost and to that extent reduces the demands upon the United States.

About 80 governments now make voluntary contributions to a central fund. Funds are allocated to 8 participating United Nations specialized agencies to carry out projects requested by the less developed countries. These agencies provide experts for work in the country as well as training both at home and abroad. The primary emphasis is in the fields of health, agriculture, and education. Assistance is also provided in industrial development, public administration, aviation, telecommunications, and other specialized fields.

The special fund was set up in 1957 largely upon the initiative of the United States. This is not a capital development fund. Its purpose is to support surveys, research and training projects necessary for successful economic growth. The fund will finance projects such as surveys of potential power resources, the establishment of training

institutes in public administration and other technical education, and in industrial research. Emphasis will be given to those projects that are regional in character.

The financial goal of these two programs is \$100 million of which the U.S. share cannot exceed \$40 million. It is anticipated that other nations will pledge about \$45 million for calendar year 1960. Thus the U.S. share will be about \$30 million, the sum contained in this bill. Should other governments exceed their anticipated contributions, any additional funds necessary to meet the U.S. share would be secured from other mutual security program funds.

In addition to the voluntary contributions made to the central fund by all participating nations, recipient countries also contribute additional sums to defray local costs of experts assigned to carry out the program. These contributions, amounting to about \$3 million annually, are also paid into the central fund. Such payments are applied, like other contributions to the technical assistance fund, toward general project expenses. If such payments are centrally received and audited in the same way as our own contributions, the United States should take them into account in arriving at the proportionate share which we should contribute.

Paragraph (2) authorizes an appropriation of \$1.5 million to the technical cooperation program of the Organization of the American States. This is a sum identical with that appropriated last year. The U.S. contribution is 70 percent of the total contributions for these programs. The principal projects financed under this program are regional training centers. The funds also finance technical training staffs and provide fellowships for trainees from Latin American countries to attend special seminars organized by projects carried out under the program.

Section 204(c), amending section 308: International Development Advisory Board

Section 204(c) amends section 308 of the act, which relates to the International Development Advisory Board, by providing that, instead of advising solely the President or such other officer as he may designate to administer title III of chapter II ("Technical Cooperation"), the Board shall advise the President or such officer or officers as the President may designate. The Board is responsible for advising and consulting with respect to general or basic policy matters arising in connection with technical cooperation, section 413(b) (encouragement and facilitation of participation by private enterprise), and title II of chapter II ("The Development Loan Fund"). Since the Development Loan Fund is not administered by the officer designated to administer technical cooperation, it is appropriate that the President be able to designate an officer or officers other than or in addition to the officer designated to administer title III to be advised and consulted by the Board.

SPECIAL ASSISTANCE AND OTHER PROGRAMS

Section 205(a) (1), amending Section 400(a): Special Assistance

This subsection amends section 400 of the Mutual Security Act to authorize \$250 million for special assistance for fiscal year 1960. This is a reduction of \$21,800,000 from the executive request, and is an increase of \$50 million to the appropriation for this purpose for

SPECIAL ASSISTANCE PROPOSED PROGRAMS, FY 1960



fiscal year 1959. The geographical distribution for special assistance proposed by the executive prior to the reduction in authorization was as follows:

Europe.....	\$21, 600, 000
Africa.....	88, 300, 000
Near East and south Asia.....	79, 600, 000
Far East.....	3, 700, 000
Latin America.....	27, 600, 000
Special programs.....	51, 000, 000

Special assistance is planned for fiscal year 1960 for the special programs in health and education described below (pp. 57-58), for an investment incentive fund, for West Berlin and for the following countries: Afghanistan, Bolivia, Burma, Ethiopia, Haiti, Indonesia, Israel, Jordan, Liberia, Libya, Morocco, Nepal, Somalia, Sudan, Tunisia, and Yugoslavia.

Special assistance is economic aid that is necessary to achieve political, economic, humanitarian, or other objectives of the United States in any country where the United States is not providing military assistance in support of significant military forces and where the needs for such assistance cannot appropriately or fully be provided under technical cooperation or from the Development Loan Fund. Special assistance is also the source of funding for certain regional or worldwide programs, such as the malaria eradication program, which serve important U.S. interests and which are not appropriate for financing under other categories of assistance.

Objectives

The objectives served by special assistance are generally encompassed by the term, "the maintenance or promotion of political or economic stability," as stipulated in section 400(a) of the Mutual Security Act. The activities proposed for fiscal year 1960 have, among others, the following broad, major objectives:

1. To develop or maintain economic stability in countries in which some U.S. support is essential to continued independence or identification with the free world, and to support economic growth where, for political and economic reasons, the use of the Development Loan Fund would be inappropriate.
2. To secure or maintain U.S. military facilities or other rights in a country or to deal with economic and other problems arising out of the existence of such facilities.
3. To initiate or accelerate programs in health and education which further U.S. foreign policy objectives by their humanitarian nature and by contributing to economic improvement.

Relationship to other categories of aid

Defense support has as its central aim the securing of a defense contribution in a country where the United States is helping to support significant military forces. On the other hand, special assistance is aimed at the achievement of U.S. objectives in countries in which the United States is not providing military assistance to significant forces. Special assistance is not programed for a country which receives defense support, except for the special assistance funding which is derived from a worldwide program such as malaria eradication.

The purpose of the Development Loan Fund is to provide assistance solely for economic development in the form of loans for economically sound programs and projects. It makes no advance allocations by

country but is intended to act only on specific development proposals. Special assistance is programmed country by country in advance and is directed toward the objectives described heretofore. Since the purposes and circumstances of use of the Development Loan Fund and special assistance are so different, both forms of aid may be provided in the same country, just as aid from the Development Loan Fund and defense support may also be provided to the same country.

Accomplishments of special assistance

U.S. foreign policy has been advanced in a variety of ways by special assistance. The following achievements are among the noteworthy actions to which this form of aid has contributed significantly.

1. Strategic bases, outside of our territory, have been retained.
2. Jordan has preserved its independence.
3. Lebanon has been helped to meet the economic dislocations of the internal crisis of 1958 and to restore reasonable stability.
4. Tunisia, despite strong anti-Western pressures, had retained its freedom of action.
5. Bolivia has been assisted in the crucial phases of an effort toward economic stabilization, with a major upheaval and change of political orientation having been avoided.
6. Yugoslavia, in the face of aggressive Soviet economic action in curtailment of credits, has maintained its national independence of the Soviet bloc.
7. In West Berlin, continued U.S. economic assistance on a modest scale has contributed to maintaining the Western position in this free enclave in a Soviet controlled area.
8. U.S. initiative and sharing in the costs of the malaria eradication program, now in its second year of operation, have provided the major impetus in this worldwide program to eliminate malaria.

The authorization for special assistance was reduced in order to require austerity in the planning and administration of the program by the ICA in view of the shortcomings in the operation of economic assistance programs for less developed countries discussed in detail in connection with defense support above.

Assistance to Israel

Since 1951 the United States has furnished assistance to Israel in varying amounts according to the estimated needs of that country each year.

Israel still suffers from a deficit trade balance, largely due to resettlement of her population. That trade deficit, which this year will amount to approximately \$340 million, has been covered by German reparations, the sale of bonds in other countries, charitable contributions, and in small amount by the United States aid program. Israel will be confronted by grave problems in the years ahead when reparations come to an end. Israel is presently in need of hard currency for oil, which she is unable to purchase from her neighbors. Funds are also needed for industrial imports for her economy which is not yet on a self-sustaining basis.

The committee is of the opinion that special assistance to Israel should be continued at the current level in the 1960 fiscal year program. Administration witnesses assured the committee of their willingness to give effect to the committee's views.

Section 205(a)(2), amending Section 400(c): Overseas Medical Facilities

Section 205(a)(2) amends section 400(c) of the act, relating to special assistance. The latter section authorizes the President to use on such terms and conditions as he may specify a limited number of dollars appropriated for special assistance for assistance to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States. The amendment contained in this paragraph extends that authority to include assistance for hospitals abroad that serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States.

Section 400(c) contains an expression of congressional wish that the President should make "a special and particular effort" to use currencies acquired under Public Law 480 for the programs enumerated. The amended language carries congressional intent further by permitting the use of these and any other foreign currencies owned by the United States without regard to limitations in law that presently inhibit their full utilization without dollar reimbursement and without regard to restrictions contained in the Mutual Defense Assistance Control Act in order to carry out the educational and humanitarian purposes contained in this subsection.

Section 205(a)(3), amending Section 400: Land Resettlement Programs

Section 400 of the act is amended by adding subsection (d) which provides for the use of foreign currencies accruing to the United States in any Latin American country under this or any other act, other than under title II of chapter II of this act, in such amounts as may be specified from time to time in appropriation acts for the purpose of making loans for land resettlement programs.

The surplus population problem in several European countries is a very serious one. The creation of the Intergovernmental Committee for European Migration (ICEM) in 1951, and the participation of 29 nations in the work of that organization has made it possible to coordinate and finance on a sound basis such population movements. ICEM has made surveys of the land settlement potential in Latin America. Three land resettlement projects comprising Western European immigrants have successfully been worked out in two Latin American countries. The establishment of stable European farming communities in Latin American countries will assist in the economic development of that area.

A program to this end can be carried out with considerable effect by using the U.S. locally owned currencies generated in various Latin American countries through the operation of the surplus commodities program. Funds from this and other sources could be utilized in conjunction with the technical plans of ICEM which has more experience in the problems involved in financing settlement projects.

Section 205(b), amending Section 401: United Nations Emergency Force

Section 205(b) adds a new section 401 to the Mutual Security Act which expresses the policy of the United States to support the United Nations Emergency Force and authorizes the use during fiscal year 1960 of special assistance funds for contributions on a voluntary basis to the budget of the United Nations Emergency Force.

This provision does not add to the total funds authorized in the bill since it relates to the use of funds authorized for special assistance, section 400(a).

The primary purpose of this provision is to strengthen the position of the United States at the United Nations and in its negotiations with other governments with respect to the support of the United Nations Emergency Force.

The record of U.S. contributions to the United Nations Emergency Force is as follows:

	Total UNEF budget	Assessed U.S. contributions from sources other than mutual security program	Voluntary U.S. contributions from mutual security program funds
Calendar year 1957.....	\$30,000,000	\$4,896,000	\$12,921,000
Calendar year 1958.....	25,000,000	8,128,000	-----
Calendar year 1959.....	19,000,000	4,943,000	3,500,000

The United Nations voted at the last General Assembly the expenditure of \$19 million for the support of the United Nations Emergency Force during the calendar year 1959. Of this, \$15,205,000 is to be raised by assessments levied against all United Nations members at the regular scale of assessment. The U.S. assessment will be \$4,943,146; This amount is provided for in an appropriation for the State Department, as are other assessed costs incident to United Nations membership. The remainder of the total requirement for the Force is to be financed by voluntary contributions of member governments. The United States has offered, subject to the availability of funds, to contribute \$3,500,000 for calendar year 1959. It is provided that the fiscal year 1960 special assistance appropriation will be drawn on for this amount for this purpose. The total U.S. contribution—assessed and voluntary—of \$4,943,146 plus \$3,500,000 will be 44.5 percent of the \$19 million figure approved by the United Nations.

The importance and success of the United Nations Force in the Gaza Strip and at the entrance of the Gulf of Aqaba have been demonstrated by the general state of quiet which prevails in those areas in marked contrast with the situation that existed before the United Nations Force was called into operation.

At the present time the United Nations Force consists of some 5,000 men from the following seven countries: Norway, Sweden, Denmark, Canada, Brazil, Yugoslavia, and India.

Some of the smaller nations belonging to the United Nations find it very difficult to contribute to the support of the United Nations Force. The total United Nations budget is about \$55 million per year. The additional \$19 million required for the support of the Emergency Force, therefore, constitutes a serious increase in the cost of United Nations membership to the newer and less developed countries. It is the policy of the United States to make a voluntary contribution toward the support of the Force, thereby permitting necessary adjustments of the assessment to a level which the majority of the United Nations members are able to support.

So far the Soviet bloc countries have refused to make any payment for the support of the United Nations Emergency Force, attempting to justify their position by arguing that the cost should be borne by what they call the aggressor nations, that is, Israel, France, and the United Kingdom.

Section 205(c), amending section 402: Earmarking of funds

This subsection extends for another year the provision of section 402 as to earmarking of funds. Section 402 does not provide for an appropriation. It requires that not less than \$175 million otherwise appropriated under the act shall be used to finance the sale for foreign currencies of surplus agricultural commodities. The foreign currency proceeds then have to be spent to carry out the various purposes of the Mutual Security Act.

From 1946 through June 1958, agricultural exports of the United States amounted to \$45.4 billion. Of this amount, those exports made under specified Government-financed programs amounted to \$19 billion, or 42 percent of the total. Of the \$19 billion, \$9.9 billion were exported under programs administered by ICA and its predecessor agencies; \$7 billion of the \$9.9 billion were financed from foreign aid appropriations.

In fiscal year 1958 and fiscal year 1959, \$175 million was also earmarked to finance sales of surplus agricultural commodities under this section. In fiscal 1958, actual sales totaled \$205 million, 17 percent higher than the legislative requirement. The sales included \$115 million in cotton, \$47 million in grain, \$29 million in fats and oils, and \$14 million of other commodities and transportation costs. It is estimated that fiscal 1959 sales may go as high as \$179 million, although the outlook is still uncertain and details of the commodities disposed of are not yet known. The authorization for fiscal year 1960 continues the requirement for sales of agricultural surplus at the same level, although it is becoming increasingly difficult to use the sale of surplus agricultural products to carry out the purposes of the Mutual Security Act. Military assistance, by the nature of its import requirements and by reason of the decline in offshore procurement, offers little opportunity for section 402 sales of agricultural products.

The economic assistance programs also offer a declining opportunity for the sale of surplus farm products. This is in part because the majority of countries currently receiving economic assistance are predominantly agricultural. Those who do need assistance in meeting agricultural import requirements are generally able to meet such requirements by making purchases under the provisions of Public Law 480.

It is estimated that of the \$175 million sales to be made in fiscal 1960, only \$133 million can be made directly to beneficiary countries; the remainder, \$42 million, will have to be attained by engaging in triangular transactions. Under this procedure, sales of U.S. grain, cotton, tobacco, and other surplus commodities are made to industrialized countries, primarily in Western Europe, and the foreign currencies derived from such sales are used to purchase in the industrialized nations goods and services to be supplied to the less developed countries under the mutual security program. Such transactions are difficult to arrange and in many instances do not result in any appreciable increase in U.S. exports of surplus commodities. To some

extent such transactions merely substitute for an approximately similar volume of products which probably would be purchased by the Western European countries with their own dollar exchange.

A requirement that disposals under this section should exceed \$175 million would result either in preventing a certain amount of mutual security funds from being used for their intended purpose or would interfere with our normal dollar exports of agricultural products through commercial channels.

Section 205(d), amending section 403: Responsibilities in Germany

This provision amends section 403 of the Mutual Security Act to authorize the use in fiscal year 1960 of \$7,500,000 of Special Assistance funds for the United States to meet its responsibilities or objectives in Germany, including West Berlin. Although this is a reduction from the authorization of \$8,200,000 for fiscal year 1959, no diminution of this program during fiscal year 1960 is contemplated. The actual program in fiscal year 1959 was \$7,500,000—\$700,000 below the amount authorized.

The Federal Republic of Germany has assumed almost the entire economic support of West Berlin, including taking care of the refugees from East Germany which continue to arrive at a rate of 7,000 per month. The contribution of the Federal Republic of Germany is at the rate of \$300 million per year. In comparison, U.S. funds in the amount of \$7,500,000 per year may appear to be a token amount. This has, however, very great importance to the people of West Berlin as evidence of our continued concern for their freedom and well-being.

U.S. funds provided to West Berlin are used in a variety of ways to meet the needs of the people of West Berlin and to provide them with continuing evidence of our backing, as well as to make more effective the example of West Berlin in providing encouragement to the people of East Germany.

Sec. 205(e), amending Section 405: Migrants, Refugees, and Escapees

Paragraph (1) of subsection (c) authorizes an appropriation of \$1,100,000 for fiscal year 1960 as the U.S. contribution to the program of the United Nations High Commissioner for Refugees (UNHCR).

The United Nations High Commissioner for Refugees was authorized by a United Nations General Assembly resolution of December 2, 1957, to conduct a program to succeed the United Nations Refugee Fund (UNREF) which ended December 31, 1958. The UNHCR's program is flexible, designed to avoid rigid long-term plans by enabling governments to determine on an annual basis the specific refugee problems to which they wish to contribute during the particular year and which can be eliminated or reduced by international effort during that year.

During 1959 and 1960 the new program will be engaged in completing certain unfinished undertakings of the old UNREF program, including primarily the camp clearance program. The balance of the new program will concentrate upon selected categories of refugees for whom material aid is considered to be an international responsibility. These selected categories include particularly refugee families with children living under substandard conditions and physically handicapped or aged refugees. Aid will also be continued for refugees of

European origin leaving Communist China, and to meet any new refugee emergencies which may arise.

The \$1.1 million requested for this program is a reduction of \$100,000 from the amount appropriated for last year. The U.S. contribution of \$1.1 million is made subject to the condition that it not exceed one-third of the total contribution to the UNHCR program from all governments for this purpose.

Paragraph 2 of subsection (d) authorizes an appropriation of \$5,200,000 for the U.S. escapee program, a reduction of \$3.4 million from the \$8.6 million appropriated in 1959. Through its specialized services, the escapee program provides assistance to Soviet and satellite escapees in Europe from initial reception, interim care, and maintenance to resettlement.

There were approximately 44,000 recent escapees registered with the U.S. escapee program in Europe and the Middle East on January 1, 1959. Escapees continue to arrive in the West at the rate of 800 a month who require prompt resettlement. The escapee program serves U.S. interests by encouraging continuing liberal asylum and assistance policies on the part of governments of asylum countries and by promoting stability in asylum areas through the resettlement of politically vulnerable groups.

It is estimated that during calendar year 1960 the escapee program will register 10,600 new escapees and that reductions of approximately 19,000 will be achieved. These reductions will be accomplished through 10,500 resettled, 3,700 integrated, and 4,800 dropped for other reasons.

Section 205(f), amending Section 406: Children's Welfare

Section 406 authorizes an appropriation of \$12 million for contributions to the United Nations Children's Fund (UNICEF). This amount is an increase of \$1 million in the authorization and appropriation for the current fiscal year.

It is estimated that the percentage of the U.S. contribution to total government contributions will be 48 percent in 1960 compared to 50 percent in 1959. In 1958, for every \$1 allocated by UNICEF, receiving countries committed an average of \$2.50 to carry out the programs.

The estimated UNICEF allocations for calendar year 1960 are \$27.9 million. Contributions of \$12 million from the United States and \$13 million from other governments will leave a balance of \$2.9 million, which is hopefully anticipated to be raised from private sources.

UNICEF is currently assisting 328 programs in 97 countries and territories. It is estimated that 600 million children throughout the world lack adequate food, clothing, shelter, and protection against disease. UNICEF extends tangible aid principally in the form of supplies not available within the assisted countries.

In the principal campaigns which UNICEF aided in 1958, more than 30 million children and mothers were protected against malaria; 15 million young persons were vaccinated against tuberculosis; some 3½ million children and mothers were treated for yaws, and more than 5 million children and mothers received milk through school and maternal and child welfare centers.

Section 205(g), amending Section 407: Palestine Refugees

Section 205(g) amends section 407 of the act, relating to Palestine refugees in the Near East, in two respects. First, it deletes the obsolete reference to an authorization for an appropriation for the fiscal year 1959 and provides for an authorization for an appropriation of \$25 million for fiscal year 1960. Second, it strikes out the proviso in the first sentence which stipulates that 15 percent of the funds appropriated pursuant to this section shall be available only for repatriation and resettlement.

Through a combination of legislative and executive action, U.S. contributions to the United Nations Relief and Works Agency (UNRWA) are subject to certain limitations: (1) Such contributions will not exceed 70 percent of the total contributions from all sources; (2) pursuant to the proviso in section 407 (which will be removed by this amendment) 15 percent of the funds appropriated for our contribution to UNRWA shall be available only for repatriation or resettlement of the refugees; and (3) in determining whether or not to continue furnishing assistance for these refugees, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of the refugees. This latter authority has been delegated to the Secretary of State who has determined that the United States would continue to furnish assistance for Palestine refugees.

The refugee population has gradually increased during the past several years as a result of generally improved sanitary conditions and the availability of a steady ration of food. The most recent count indicates about 984,000. The relief portions of UNRWA's activities are still the most important. Admittedly it is no solution. Rehabilitation programs, such as education and small-scale economic assistance programs, are most urgent. The failure of members of the United Nations, other than the United States and the United Kingdom, to contribute to the latter programs has led to a drastic curtailment.

The present authority of UNRWA expires in 1960. Next fall the General Assembly of the United Nations will have to make a determination on how to deal with the Palestine refugee situation after 1960.

For fiscal year 1959 Congress appropriated \$25 million plus unobligated sums from the previous year which were \$2.4 million. Thus there was available for this year \$27.4 million. The United States pledged up to \$23 million for relief and rehabilitation and \$3.75 million (15 percent of the \$25 million) for repatriation or resettlement. These pledges total \$26.75 million against an available \$27.4 million leave a carryover of \$650,000. Thus far no success has been achieved in repatriation or resettlement so that none of the \$3.75 million has been obligated. These latter two sums total \$4.4 million in carryover into fiscal year 1960 which, with the \$25 million made available by this section, will provide \$29.4 million for the Palestine refugee program. The committee expects that despite the elimination of the proviso from this section, unexpended and reappropriated prior year funds previously earmarked for repatriation and resettlement would be utilized only for these purposes.

The contribution authorized by this section is based on past annual requirements of the Agency. It does not take into account (1)

increased cost of food, supplies and equipment; (2) an increasing refugee population; and (3) the unsettled future of UNRWA whose liquidation and reassignment of functions might entail some increased expenses.

Section 205(h), amending section 408(c): North Atlantic Treaty Organization

Section 205(h) amends section 408(c) of the act which relates to the North Atlantic Treaty Organization, to make that section consistent with section 522 of the Foreign Service Act of 1946 as amended. The latter section now limits appointments and assignments to the Foreign Service Reserve to 5, instead of 4, years.

Section 205(i), amending Section 409: Ocean Freight

Subsection (c) authorizes the payment of ocean freight charges on supplies donated by American voluntary agencies. During fiscal year 1959 supplies valued at nearly \$30 million will be shipped and distributed at a cost to the Government of \$2.1 million. Each dollar appropriated for this purpose transports roughly 15 times the value of relief goods it delivers. These goods include specifically food, clothing, medical and hospital supplies, hand tools for trades and agriculture, and other self-help supplies. Most of these goods are donated in kind without any cash contribution to cover the necessary delivery costs to the country of destination.

These same agencies are moving substantial quantities of U.S. Department of Agriculture surplus commodities into their relief channels abroad. The payment of ocean freight charges on these surplus commodities is now funded under authority of Title II, Public Law 480.

The committee recommends an authorization of \$2.3 million for the coming year. This represents an increase of \$200,000 over last year's appropriation that is based on actual program estimates by the participating voluntary agencies. The 32 private groups cooperating in this program are expanding their operation to additional countries and areas. The program which has been operating in 24 countries and areas is now beginning operations in 16 more.

No procurement costs to the U.S. Government are involved.

Section 205(j), repealing Section 410: Mutual Defense Assistance Control Act Expenses

Section 205(j) repeals section 410 of the act which relates to expenses for the Mutual Defense Assistance Control Act (Battle Act). Authorizations for appropriations to carry out that act are provided for henceforth in the authorization in section 411(c) of the act as amended by this bill.

Section 205(k), amending Section 411: Administrative and Other Expenses

Section 205(k) amends section 411 of the act which relates to administrative and other expenses in two respects: (1) Paragraph (1) amends subsection (b) by deleting the obsolete authorization for an appropriation of \$33 million for fiscal year 1959 and substituting an authorization of \$39,500,000 for fiscal year 1960. This authorization excludes administrative expenses for military assistance, the Development Loan Fund and those covered for the Department of State in section 411(c). (2) Paragraph (2) amends subsection (c), relating to

certain administrative expenses of the Department of State, by deleting the present \$7 million ceiling that may be appropriated to the Department and by including a permanent authorization for appropriations to carry out the Mutual Defense Assistance Control Act of 1951 (Battle Act). In addition there is included in section 411(c) the authority presently in section 410 to use funds made available for military assistance under chapter I of the act to carry out the objectives of the Control Act in such amounts as the President may direct in addition to those made available under section 411(c) for this purpose.

For the current fiscal year an appropriation of \$33 million was made for ICA administrative costs. This amount included \$45,000 for salaries and expenses of employees conducting activities and functions of the International Development Advisory Board. For fiscal year 1960 these funds are included under section 411(c) of the act. To this net appropriation of \$32,955,000 has been added \$2,140,000, transferred from the President's Fund for Asian Economic Development to cover the salary increases authorized by Congress in 1958. Last year Congress increased the technical cooperation funds by \$8 million to strengthen the ICA personnel system to provide increased opportunities for language study and to extend the program for foreign participant training. In order to observe the current distinctions between administrative and program expenses, a sum of \$1.7 million was transferred from the technical cooperation appropriation to administrative expenses. Thus the amount available under section 411(b) in the current fiscal year is \$36,795,000, or \$2,705,000 less than the \$39,500,000 that the committee is recommending for fiscal year 1960. The increase is attributable almost entirely to creation of new positions in newly opened locations, to expand support at overseas locations especially in Latin America and Africa, and for full year salary costs for positions for which only part year financing was provided in the current fiscal year.

When the existing authorization was enacted in 1956, the Department of State was responsible so far as the mutual security activities were concerned only for program policy review and support to the U.S. Mission to NATO and to the European Regional Organization (USRO) in Paris. Subsequently additional responsibility for various phases of the program's activities were transferred to the Department of State. In March 1956 the escapee program was transferred by executive order. In 1958 responsibility for coordination of the program, U.S. participation in OEEC activities, and public information relating to the program were placed under the Department of State. Funds for these transferred functions were included in the appropriations authorized for fiscal year 1959 in section 411(c). In January 1958 responsibility for carrying out the objectives of the Mutual Defense Assistance Control Act (Battle Act) was transferred from the Director of ICA to the Under Secretary of State for Economic Affairs. Funds for this purpose were appropriated under the authorization contained in section 410. The Under Secretary of State for Economic Affairs was also made responsible for the International Development Advisory Board which was financed under the authority of section 411(c).

For fiscal year 1959 the administrative costs of these several activities funded under several different sections of the Mutual Security

Act totaled \$8,154,000. In 1960 the estimated cost is \$8,395,000, an increase of \$241,000. The increase will cover (1) the cost of staff increases and related expenses, primarily in the office of the Under Secretary, and (2) additional cost necessary to bring the International Development Advisory Board to an effective level of operation.

The language in this bill gives recognition to the administrative changes by consolidating and funding in one section, and removing the ceiling imposed on the Department of State administrative expenses. Taken in conjunction with the repeal of section 410 of the act, made by section 204(j) of this bill, it will permit a reduction in the number of fiscal accounts. It simply changes the account from which people are paid. In no way do any of these changes alter the substantive provisions of the Battle Act.

Section 205(l) (1) and (2), amending Section 413(b)(4): Investment Guaranty Program

Section 205(1) amends section 413(b)(4) which relates to the investment guaranty program, in two respects. Paragraph (1) adds to the enumerated risks that may be insured against under the program the risks from revolution, insurrection, or civil strife arising in connection with war, revolution, or insurrection. Paragraph (2) increases from \$500 million to \$1 billion the ceiling on the face value of guaranties which may be issued.

The investment guaranty program is a form of Government insurance against nonbusiness risks to which new private investment in foreign countries is subject. Section 413 of the Mutual Security Act authorizes the issuance of guaranties in the amount of \$500 million against the risks of (1) inconvertibility of local currency earnings from investments; (2) loss of all or part of an investment resulting from expropriation or confiscation, and (3) loss resulting from direct damage to or destruction of physical plant, equipment and facilities caused by war.

The program is instituted in a country only after an agreement with that country. The agreement provides, among other matters, that the United States will issue no guaranty to any project unless it is approved by the foreign government. Provision is made for the settlement of any claims against the foreign government by negotiation and, failing that, by arbitration. Forty-two countries in every part of the world are now participating in this program. Negotiations with 30 other countries are in various stages.

The law limits issuing authority of guaranties to \$500 million. At the present time about \$340 million in guaranties are outstanding, leaving an available issuing authority of about \$160 million. As a result of committee urging last year, the program has been widely publicized. Applications now exceed \$1 billion. About 60 percent of these are for projects in underdeveloped countries. These cover a wide variety of investments, including many small enterprises. It is this favorable response that has led the executive branch to request an increase in issuing authority to \$1 billion. This additional authority does not require any additional obligational authority, in other words, it does not require any new money.

Reserves to cover possible losses may be derived from three sources: receipts from premiums collected, funds realized from the sale of cur-

rencies or other assets acquired pursuant to the subrogation rights of the United States, and the note issuing authority provided in the law. Note issuing authority amounts to \$199.1 million. A fee of one-half of 1 percent per annum is presently charged for each type of coverage. Through March 1959 receipts from fees were \$3.8 million. Thus the reserve sources amount to \$202.9 million. Until July 1956 the face value of each guaranty had to be backed 100 percent. As a result of no claims having been paid, there are no recoveries under the subrogation rights. Since that date the law has permitted a fractional reserve, which currently is 25 percent of the face value. The total reserves obligated at the present time are \$123.5 million. Deducting this latter from the total reserve sources of \$202.9 million leaves \$79.4 million remaining for obligation. On the basis of a 25 percent reserve, contracts may be issued up to \$317.6 million. At the present volume of issuance of guaranties there are sufficient reserve sources for another year, possibly longer.

In testimony before the committee, the Chief of the Investment Guaranty Division of ICA, Charles B. Warden, made this statement in support of the more extended coverage provided in this amendment.

Despite the very considerable effort we have put in on the present war risk guaranty, it has failed to catch on with the American investment community. It has been criticized as being too limited—that it will not be effective unless there is active war between nations, since it has the specific defect of not covering the more common occurrences of revolution and insurrection. In a number of the countries which are relatively new and need investment, the governments have had difficulties in achieving stability and continuity.

Although these political differences have been adjusted with a minimum of violence, still the hazards to prudent investment remain. It is our belief that the war risk guaranty, to make any appreciable contribution to the stimulation of private investment, should be broadened to include “revolution, insurrection, and civil disturbances arising therefrom” (hearings, pp. 894–895).

Independent studies made on the subject of more extended coverage support the argument of Mr. Warden. A report of the Committee on World Economic Practices made at the request of the President and headed by Harold Boeschenstein, contains this statement.

The present ICA program of investment guaranties against specific risks should be expanded to cover the risk of loss attributable to revolution, insurrection, and other civil disorders. Such guaranties should also be made available for modification, expansion, or improvement of existing investments as well as new investments. The State Department should continue to press for treaty agreements with countries which have not yet joined the guaranty program, and to this end should consider reducing some of the requirements and conditions currently being imposed which are found objectionable by the foreign countries.

Another study prepared under the direction of Ralph I. Straus for the Secretary of State titled "Expanding Private Investment for Free World Economic Growth" includes this recommendation.

We recommend that the investment guaranty provision of the Mutual Security Act be amended to include coverage of losses arising from revolution, insurrection, or civil strife associated with war, revolution, or insurrection.

In keeping with the congressional mandate to use the program to the "maximum practicable extent," guaranty protection is extended to overseas investments made by contracting organizations.

The investment guaranty program is unique in that it has never had to pay a loss and has no claims pending. It is a program that encourages private business to assume some of the large task of economic development. It does not insure against normal business risks. It simply insures against nonbusiness risks.

While the committee is unanimous in its agreement that the investment guaranty program has been an important and highly necessary part of our overall effort, and should be continued with such expansion as is practical and prudent, some members of the committee have raised the question whether insurance against losses occasioned by civil strife in connection with war, revolution, or insurrection did not open the possibility of (1) involvement in the domestic affairs of another nation, and (2) losses due to the vastly broadened coverage, and inadequately provided for in premiums, that would wipe out the present reserve and endanger the enviable financial position established up to date.

Mr. Warden in his testimony before the committee said:

In talking this over with the investors, the war risk guaranty as it is now set is not the kind of guaranty which is going to be effective in moving private investment into the dangerous areas.

It does not include the more common occurrences of revolution and insurrection and these are the more common risks today. They are the risks that occur far more frequently—almost once a month in the latter part of this year—and an international war under which our present guaranty would become effective, is very rare (p. 910 of hearings).

The committee, realizing that this is in a new field of insurance wherein there is no past experience to furnish the basis of costs demanded for the maintenance of financial soundness, will expect the administration of the program to fix such rates, and to readjust them from time to time as experience and prudence may dictate. It is in the public interest that the rates should be as low as conditions permit, as the purpose is to induce private American investments to carry an ever-increasing share of our mutual security undertaking. On the other hand, the entire program could collapse, or at least be seriously endangered, if the cost of risk insurance were calculated solely by a desire to attract new investments and not consistent with the general principles of the insurance industry. Before premiums are set discussions should be held with experts in the insurance business.

It is the committee's understanding that determination as to what constitutes a "civil strife incident to an insurrection" is to be made on

the basis of the contractual relationship of insurer to insured. In this connection the committee endorses the statement of August 19, 1949, made by the then Under Secretary of State James E. Webb, for the State Department, that it—

would violate our international commitments if we intervened in the affairs of another nation in order to protect guaranteed investments, and we have no intention whatever of doing so.

Section 205(l)(3), amending Section 413(c): Private Enterprise

In 1958 a new provision was added to the act calling for a study under the direction of the President of the ways and means in which the role of private enterprise could be more effectively utilized and protected in carrying out the mutual security program so as to promote our foreign policy, to stabilize and to expand the U.S. economy, and to prevent adverse effects on our economy with special reference to areas of substantial labor surplus.

Two reports have been submitted pursuant to that section; one dealing with the role of private enterprise, and the other dealing with the effect of the mutual security program on U.S. domestic economy. This provision, however, was effective for 1 year only. Section 204(l)(3) makes the requirement for reports continuing; that is, such reports shall be issued each year. Furthermore, the amendment requires that the reports give special consideration, in their study of possible adverse effects on the U.S. economy, to the net position of the United States in its international trade balances. This is to help insure that our overall foreign trade does not become so unbalanced as to affect adversely our domestic enterprise. The studies should also include the question of the net flow of gold from the United States. Considerable concern has been expressed in some quarters that the gold reserves of the United States are declining, and the reports should devote themselves to this problem.

Section 205(m), amending Section 419(a): Atoms for Peace

Section 204(m) amends section 419(a) of the act which relates to atoms for peace by deleting the obsolete authorization for an appropriation for fiscal year 1959 and substituting an authorization for an appropriation of \$6,500,000 for fiscal year 1960.

The program for next year involves five major items. First is a continuation of the program initiated 2 years ago to assist other nations, on a bilateral or multilateral basis, in acquiring research reactors by funding up to one-half of their cost. In no case may the U.S. contribution to the cost of a reactor for any one country exceed \$350,000. Under this provision assistance has been given to 17 countries. It is contemplated that seven additional countries will qualify during the next fiscal year. Second, the U.S. contribution to the International Atomic Energy Agency's voluntary budget will be financed from this authorization. Third, research and training in the use of radio isotopes and isotope laboratory equipment, low-energy accelerators and training films will be funded from this appropriation. The availability of this form of assistance enables many of the underdeveloped countries to take their first steps into the fields of peaceful uses of atomic energy. Fourth, technical and advisory services will be extended to friendly foreign countries to assist them in the evalua-

tion of proposed projects and to make recommendations on types of projects that are technically and economically feasible in their own atomic energy programs. Fifth, provision is made for scholarships, administered by the National Academy of Sciences, to bring to this country qualified students for additional training in programs related to the peaceful use of atomic energy.

CHAPTER III. CONTINGENCY FUND

Section 301, amending Section 451(b): Contingency Fund

Section 301 authorizes \$100 million for the contingency fund provided for in section 451(b) of the Mutual Security Act. This is a reduction of \$100 million below the amount requested by the executive branch.

The contingency fund is intended to serve as a reserve to meet in part: (a) anticipated requirements which are not firm at the time of the congressional presentation, and (b) unforeseen contingencies. Unless a contingency fund is provided there is no way whereby unforeseen emergencies can be met or whereby programs which are not yet firm can be funded. World conditions are such that all contingencies cannot be foreseen. Events move so swiftly that an orderly programing cannot, by its very nature, foresee such recent events as those in Lebanon or Quemoy. In other cases requirements sometimes appear to loom on the horizon and then disappear. If funds were firmly programed for all such contingent needs, the authorizations and appropriations would have to be increased even though much of these additional funds might never be used.

If an adequate contingency fund is not provided, it might be necessary to divert funds from planned programs with an adverse impact on the effectiveness of those programs and on their planning. The reduction in recent years in the use of the transfer authority provided in section 501 is probably the result of the inclusion of the contingency authority in the legislation. Furthermore, the authority contained in section 501 is not as effective as it once was in providing flexibility and leeway to meet unforeseen events since the amounts in the pipeline have been sharply reduced and there is no longer any large sum of unobligated funds which would provide a reserve for such contingencies. Under these circumstances it is prudent management to provide a reserve for contingencies rather than to shift funds from firm programs with a concurrent adverse effect upon those programs.

Among the types of situations which have been met in recent years from the contingency fund were: increased economic aid to Taiwan as a result of the Quemoy crisis, emergency flood relief in Indonesia, emergency funds to meet a cholera epidemic in Nepal, increased economic aid to Jordan as a result of the Lebanon crisis, emergency increases in the level of assistance to Morocco and the furnishing of police equipment to Burma.

The funds authorized in this section may be used for furnishing military assistance, defense support, technical cooperation, special assistance, or for any other of the purposes authorized by the MSA except for the Development Loan Fund. If they are so used, these funds will simply augment the funds provided for under those authorities. Any of the funds authorized for the contingency fund may be used under the authority of section 451(a) of the Mutual Security Act, which pro-

vides that the President may in certain cases waive the requirements of this act or any act for which funds are authorized by this act or any act appropriating funds for use under the Mutual Security Act, when the President determines that such use is important to the security of the United States.

Since the contingency fund may be used for military purposes, the reduction reflects the committee's decreased emphasis on military assistance. In the judgment of the committee, \$100 million is sufficient to meet the requirements under this section.

CHAPTER IV. GENERAL AND ADMINISTRATIVE PROVISIONS

Section 401(a) amending Section 501: Transferability of Funds

Section 501 of the act presently provides that not to exceed 10 percent of any funds made available pursuant to any provisions of the act, such as military assistance, defense support, etc., may be transferred to any other provision of the act. There is a limitation that the provision to which the transfer is made shall not be increased by more than 20 percent. Furthermore, the President, prior to any transfer, must determine that it is necessary for the purposes of the act. Section 202(a) of the act specifies that the authority contained in section 501 may not be used to increase or decrease the funds available to the Development Loan Fund.

There is an ever-increasing danger to the independence of free countries and to the independence of the less developed areas. This threat arises from the efforts by the Sino-Soviet bloc to effect economic penetration of these free countries and less developed areas. Military and economic assistance in the form of credits and grants is being extended by the Communist bloc at an increasing tempo. The Soviets' efforts to subvert free areas by achieving a foothold through means of economic and military assistance poses a grave threat for the free world. Under these circumstances, greater flexibility is required. Accordingly, the committee, in order to meet the Soviet threat and as a reflection of its increased emphasis on economic aid, amended section 501 by renumbering the existing section 501 as 501(a), and by adding a new section 501(b). The new section 501(b) permits the President to transfer up to 30 percent of the funds made available for military assistance to the Development Loan Fund, to special assistance, and to technical cooperation. Such transferred funds will be available for obligation and expenditure in accordance with the authority governing the funds to which such transfer is made. It is specifically provided that this transfer authority is not subject to the limitations contained in section 501(a) or in the Development Loan Fund provisions. It will, therefore, be possible for the President to augment the Development Loan Fund, special assistance, or technical cooperation funds. This provision is intended to grant the President greater flexibility in meeting the Soviet economic threat.

Section 401(b)(1), amending Section 502: Scientific Research

Section 401(b)(1) amends section 502 of the act, relating to the use of foreign currencies, by permitting the President in his discretion to utilize foreign currencies available to the United States for science and research, including the translation of scientific books and treatises. It is the expectation of the committee that the use of these foreign

currencies for the purposes in this subsection will make available foreign scientific and technical information to our U.S. scientists that otherwise would not be available and will thereby facilitate their research efforts.

Section 401(b)(2), amending section 503: Expropriation

This provision amends section 503 of the Mutual Security Act to authorize the President to withhold assistance to nations which hereafter expropriate or confiscate the property of any person as defined in section 513(b) of the Mutual Security Act and which fail within 6 months of such expropriation to take steps determined by the President to be appropriate to discharge its obligations under international law toward such person. This section has been included in the bill because expropriation without just compensation interferes with the effective use of economic assistance.

The economic development of nations requires the adoption of measures designed to encourage investment and accumulation of capital and the expansion of commerce and industry. The effectiveness of the programs of economic assistance under this act will inevitably depend on the success of such measures. A significant gauge of the progress achieved as a consequence of such encouragement is the growth in private investment, both by its own citizens and by citizens of other nations. The adoption by any nation of measures of expropriation or confiscation of the property of foreign investors without adequate compensation undermines the progress of economic development and impairs the effectiveness of programs of economic assistance to such nation, thereby reducing the value of assistance furnished to any such nation under such programs.

The committee intends that whenever the President determines a nation has failed to discharge its obligations under international law in accordance with the requirements of this section all assistance shall be withheld.

Section 401(c), amending Section 505(b): Repayment of Loans

Section 505(b) of the Mutual Security Act presently provides that payment of principal and interest on loans made pursuant to the authority of the Mutual Security Act of 1954 shall be held in the U.S. Treasury pending authorization for further use by the Congress. No such authorization has yet been granted and amounts which have been repaid are being held in the Treasury. These repayments began in minor amounts in fiscal year 1959 and should total over \$22 million by the end of fiscal year 1960. Over \$825 million have been loaned under the authority of section 505 of the Mutual Security Act of 1954 (not including Development Loan Fund loans and one military loan). These loans were funded from dollar appropriations or from proceeds from sales of agricultural surplus commodities made pursuant to section 402. In this latter case the loans were made in local currency. Most of these loans are repayable in dollars or local currency at the option of the borrower. A few call for strictly dollar repayments.

Under section 505(b), as presently worded, these repayments are held in segregated accounts by the Treasury. They may, however, be utilized for such purposes including further loans as may be authorized by Congress.

Section 401(a) of this bill substitutes a new threefold formula as follows:

1. All dollar repayments would be covered into the miscellaneous receipts of the Treasury.

2. All local currency repayments would be offered for sale by the Treasury to the various departments for appropriated dollars. The dollar proceeds from any such sales would then be covered into the miscellaneous receipts of the Treasury.

3. The residual local currencies would then be transferred into the Development Loan Fund and would be available for use for the purposes of the Development Loan Fund without regard to any provision of law relating to the use of foreign currencies or other receipts except those limitations affecting the Development Loan Fund.

Under this section the Development Loan Fund would not receive any dollars nor would it receive any local currencies which other Government agencies desired to purchase for use in their own programs. The Development Loan Fund would only receive those local currencies for which there was no other available use for the benefit of the United States. These residual local currencies for the most part cannot in the near future be used to import goods and services into the country of the currency nor to export goods and services from that country to use for the benefit of other countries. Consequently, the additional local currencies which the Development Loan Fund will receive under this amendment will not reduce the need for dollars for the operations of the Development Loan Fund, which are concerned principally with the provision of external assistance to develop the economic resources and productive capacities of less developed areas.

Section 401(d) amending Section 510: Procurement of Commodities

Section 510 of the Mutual Security Act presently provides that funds made available under defense support or the Development Loan Fund may be used to procure commodities outside the United States, unless the President makes a determination that the procurement will result in adverse effects upon the economy of the United States outweighing the economic advantages to the United States of less costly procurement abroad. In making this determination the President must pay particular attention to the effect on areas of labor surplus and to the industrial mobilization base. Section 401(d) adds a third item to which the President must give particular consideration; that is, the net position of the United States in its balance of trade with the rest of the world. In considering the U.S. position in international trade it is obvious that some attention must be directed to the net flow of gold into and out of the United States and that an adverse balance of trade would require that unusual caution be exercised in the procurement of commodities outside of the United States.

Section 401(e) amending Section 517: Completion of Plans

Section 517 of the Mutual Security Act presently provides that no agreement which constitutes an obligation may be made for any defense support, technical cooperation, or special assistance unless engineering, financial and other plans necessary to carry out the purposes of such assistance have been completed, and unless all necessary legislative action has been taken by the recipient nation or can reason-

ably be expected to be taken within 1 year. Under the practices of the International Cooperation Administration and under section 1311 of the Supplemental Appropriation Act, 1955, obligations for project assistance are made on the basis of agreements signed between the United States and the recipient country. In many instances, prior to the enactment of section 517, agreements were signed long in advance of the completion of engineering and related studies required to establish that the particular project was technically feasible and that there was a reasonably firm estimate as to costs of the project. Section 517 was designed to insure that obligations were not incurred in advance of the time that there were firm plans and cost estimates to provide a basis on which the United States could responsibly commit itself to proceed with final design and construction of the project.

The present amendment extends section 517 to the Development Loan Fund which, under existing law, is exempt from the requirements of section 517. The Development Loan Fund is designed to furnish project-type aid for economic development. Its theory is that all engineering and technical studies will be completed prior to the making of a loan agreement. In a few instances this has not been the case. If the Development Loan Fund is made subject to section 517, recurrences of such practices will be avoided. The amendment also contains a provision allowing the President to waive the requirements of section 517 if he determines that such a waiver would be in the interests of the United States. This particular waiver provision, however, extends only to activities under the Development Loan Fund.

Section 401(f), amending Section 523(b): Coordination in U.S. Missions

Section 401(f) amends section 523(b) of the act which relates to coordination with foreign policy. The latter section requires coordination of the activities of representatives of the United States in each country under the leadership of the ambassador. The new language carries this direction one step further by assuring that recommendations for military assistance, in those countries to which we extend such assistance, will reflect fully the political and economic consequences of that assistance. The new language also requires the ambassador to add his comments to the recommendation. This additional language reflects the increased concern felt in many quarters that in some countries our military assistance is extended without due regard to its possibly unfavorable political and economic consequences. By requiring the endorsement of the ambassador it is expected that recommendations for military assistance will fulfill the broader foreign policy considerations which underlie all of our mutual security activities.

Section 401(g), amending Section 527: Employment of Personnel

Section 401(g)(1) amends section 527 of the act which relates to the employment of personnel in three ways: (a) It increases from 60 to 65 the number of personnel employed in the United States on programs authorized by the act who may be compensated without regard to the provisions of the Classification Act of 1949. (b) Within this number it increases from 35 to 40 those who may be paid at rates higher than those provided for grade 15 of the Classification Act general schedule. It leaves untouched that provision of law that permits 15 of the 35 to receive compensation at a rate in excess of the highest rate provided

for grades of such general schedule but not in excess of \$19,000. (c) It permits an increase in the compensation of one of the six officers established in Reorganization Plan No. 7 of 1953 at a rate not to exceed \$20,000 per annum.

Pursuant to Executive Order 10610 of 1955, ICA is headed by a Director, and the salary for this position was set at \$21,000, by the Federal Executive Pay Act of 1956. Reorganization Plan No. 7 of 1953 established six new offices with such title or titles as the Director may determine. Four of these have been continued under ICA and two are presently in the Department of State. Each of these individuals may receive a salary not to exceed \$19,000. All of these seven positions are filled by Presidential appointment and require Senate confirmation. At present one of these positions is vacant.

Section 527(b) permits compensation of 35 individuals above GS-15, of which 20 may be paid the equivalent of supergrades—grades 16, 17, and 18—and 15 may be paid in excess of GS-18 but not to exceed \$19,000. Of the 20 positions which may be paid at the supergrade equivalent of grades 16 through 18, one position has been allocated to State and four to Defense. Although the law permits 15 of the above positions to receive a maximum salary of \$19,000, only four persons presently receive that salary two of whom are in ICA and two in Defense. The section also authorizes the employment of 25 other individuals at grade 15 or below without regard to the provisions of the Classification Act of 1949. At present 13 of these are filled and 6 are in the process of being filled.

Under the Mutual Security Act of 1951 the number of supergrades was set at 50. This was reduced to 35 in 1954 and has remained at that level since that date. Meanwhile the program has grown in complexity and scope. The committee has frequently expressed its belief that coordination and administration of the program should be strengthened and improved. Five key positions will be established in the Washington office of ICA as well as in the Coordinator's Office which it is believed will accomplish the purpose.

ICA and the Coordinator's Office do not have allocations of positions from the general Federal supergrade pool. They may, through detail from the Department of State, use Foreign Service officers to the extent that such officers are qualified and available. The problem is that the number of Foreign Service personnel with adequate experience in aid programs is extremely limited. Further, many of the ICA positions require professional and technical training that is not usually found among Foreign Service officers. It may be noted that ICA personnel holding a Foreign Service Reserve or Foreign Service staff appointment pursuant to the provisions of the Foreign Service Act may in their Foreign Service status be assigned for rotation purposes to positions in Washington.

Given the need for, and the absence of suitably trained Foreign Service personnel, ICA and the Coordinator's Office are faced with the problem of attempting to meet its requirements within the limits of the civil service and the pay ceiling of GS-15. The amendments to section 527(b) will permit ICA to have access to individuals with the level of competence and experience necessary to do an improved job. Since the amendment was advanced by the executive branch after the Bureau of the Budget had approved the administrative budget of the Agency, the compensation for these positions for fiscal

year 1960 will be met by a reallocation of administrative funds from positions of a lower priority.

By increasing the number who may be employed in the supergrades to 40 and thereby the number who may be compensated without regard to the provisions of the Classification Act of 1949 to 65, the presently authorized employment of 25 excepted individuals in grade 15 or below is unaffected.

The third amendment to this section will permit an increase in the salary of the Deputy Director of ICA from \$19,000 to \$20,000 a year. This is one of the six offices provided for under the authority of section 1(d) of Reorganization Plan No. 7 of 1953. The Federal Executive Pay Act of 1956 set the compensation of each of these six offices at \$19,000. The increase in the Deputy Director's salary from \$19,000 to \$20,000 reflects more accurately the level of the duties and responsibilities and establishes a proper alignment between the salary of the Director (\$21,000) and that of the Deputy Directors (\$19,000). The position of Deputy Director is comparable to the Assistant Secretary level of the executive departments all of whom receive \$20,000.

The committee expects that these new positions will only be filled when, in the considered judgment of the Coordinator, topflight individuals are found. They are not to be regarded as additional positions to be filled with court favorites or mediocrities.

Section 401(g)(2) amends section 527(c) of the act by inserting an additional sentence. In previous years the committee has expressed its interest in improved and expanded personnel procedures by ICA in carrying out its overseas responsibilities. An inability to secure adequate numbers of qualified personnel for overseas positions has been a chronic problem. It is the committee's concern to help find ways of meeting this problem more effectively and economically. The language in this amendment expresses an intent that the Director fully explore ways in which the civil service laws and facilities might be used to improve the overseas personnel operations of ICA.

Section 401(h), adding a new Section 533A: Inspector General and Comptroller

This subsection adds a new section 533A to the Mutual Security Act which establishes a new office directly under the Under Secretary of State responsible for the overall coordination of the mutual security program (currently the Honorable C. Douglas Dillon) to check up on the efficiency and effectiveness of mutual security operations.

Investigations conducted by the Foreign Affairs Committee's own Subcommittee for Review of the Mutual Security Programs, by the Subcommittee on Foreign Operations and Monetary Affairs of the Committee on Government Operations, and by the General Accounting Office have provided evidence of waste and poor administration in the carrying out of the mutual security program in some countries.

On the basis of this evidence, it appears that, while a continued review of the mutual security program by committees of the Congress and by the General Accounting Office will continue to be essential, the International Cooperation Administration's efforts to control and evaluate its own operations have been less effective than they should be.

The purpose of the new section 533A is to give a single individual with the necessary supporting personnel, a sufficiently high place in the executive hierarchy, sufficient independence from control by oper-

ating officials, together with sufficient authority and money to assure that he will be able to detect shortcomings in the mutual security program and to make recommendations for correction which cannot be disregarded by those administering the program and to suspend particular operations pending a decision by the Under Secretary.

The Office of the Inspector General and Comptroller is established in the Department of State responsible only to the designated Under Secretary of State. The office is to be headed by the Inspector General and Comptroller at a salary of \$19,000 per year. He will be completely free of the Director of the International Cooperation Administration who also reports directly to the Under Secretary. A Deputy Inspector General and Comptroller, at a salary of not to exceed \$17,500 per year is also provided, together with such other personnel as may be necessary. The positions of Inspector General and Deputy Inspector General are in addition to those now provided for in the act.

The Inspector General and Comptroller is made responsible for establishing a system of financial controls as well as supervising and auditing its operation. In addition to these financial responsibilities, he is given authority for evaluating the effectiveness of mutual security personnel and operations in attaining their intended objectives. He is also provided with a staff of investigators to seek out improper activities in connection with the mutual security program.

The administration of the military assistance program is assigned to the Secretary of Defense by section 523 of the Mutual Security Act. It is intended, however, that the Inspector General and Comptroller shall perform for the military assistance program the same functions as he does for economic assistance except that he is not expected to make evaluations of the effectiveness of the program in attaining strictly military objectives. It is intended, however, that he will check on the control and utilization of military equipment and evaluate the political and economic consequences of the military assistance program on recipient countries.

One of the difficulties involved in past efforts of the International Cooperation Administration to exercise effective control has arisen out of the financing of the Internal Audit Division out of appropriations for general administration expenses. This has resulted in the control function having to compete with the operating divisions of the organization for the limited administrative and travel funds available.

Subsection (d) of the new section 533A authorizes the Office of the Inspector General and Comptroller to draw on funds appropriated for the operation of the various mutual security programs to finance its operations.

The Inspector General and Comptroller is not given authority over the multilateral technical assistance programs which are carried on by international organizations (United Nations agencies and the Organization of American States, section 306); the programs for migrants, refugees, and escapees, section 405; the United Nations Children's Fund, section 406; the United Nations program for Palestine refugees, section 407; and U.S. participation in the operations of the NATO headquarters, section 408.

Section 401(i)(1), amending Section 537(c): Korean Housing

In 1956 the Congress authorized the use of \$12 million of Korean aid funds for the construction or purchase of living quarters, office

space, or other facilities for our personnel in Korea. The necessity for this legislation arose from the acute shortage of housing and other facilities in Korea resulting from the Korean war. Another \$6 million was similarly authorized to be used in 1957 and \$8 million more was authorized in 1958, thereby bringing the total to \$26 million. Section 401(d)(2) of the bill authorizes an increase in the ceiling from \$26 to \$27.5 million. The additional authority will permit the construction of additional office space in Seoul, the construction of maintenance shops, and the construction of housing at Pusan and Taejon.

Section 401(i)(2), amending Section 537(f): Requirements for Congressional Presentation

This paragraph revises the language of section 537(f) to broaden and to make more specific its requirements. The General Accounting Office has in recent years analyzed the material submitted by the Executive to the Committees on Foreign Affairs and Appropriations of the House in support of the request for the authorization and appropriation of funds for the mutual security program. A number of recommendations for the improvement of the material included in these presentations have been submitted to the Committee on Foreign Affairs by the Comptroller General and by Hon. Porter Hardy, chairman of the Subcommittee on Foreign Operations and Monetary Affairs of the Government Operations Committee. As a result of these recommendations last year, section 537(f) was included in the Mutual Security Act, which provides as follows:

During the annual presentation to the Congress of requests for authorizations and appropriations under this act, a detailed explanation of the method by which the proposed programs for each country have been arrived at shall be submitted, including all significant factors considered in arriving at such proposed programs.

A review of the material initially presented in support of the request for 1960 mutual security funds by the General Accounting Office and by the Subcommittee on Foreign Operations and Monetary Affairs of the Government Operations Committee has indicated that a more detailed presentation, including a more complete explanation of the way in which the amounts programed for individual countries were arrived at, would be helpful to the Congress.

The revised language makes more precise the information to be supplied in future presentation of requests for mutual security authorizations and appropriations.

Section 401(j), amending Section 543(d): Saving Provisions

Section 543(d) of the Mutual Security Act contains saving provisions providing that funds previously appropriated, pursuant to provisions later repealed, shall continue available for their original purposes. Similarly, it provides for the redesignation of references to any provisions later renumbered or redesignated. Section 401(e) effects technical amendments so as to continue these saving provisions without the necessity of adding additional references to new acts each year as they are enacted.

Section 401(k), repealing Section 549: Repeal

This section repeals section 549 of the Mutual Security Act which authorized the continued availability of technical cooperation funds

and of funds for West Berlin for 3 months beyond the end of the fiscal year for which the appropriation was made. Since the technical cooperation authorization now provides that technical cooperation funds shall continue to be available until expended, and since there is no longer a separate authorization and appropriation for U.S. responsibility in Germany (West Berlin), the existing section 549 is no longer necessary.

CHAPTER V. INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION; AND AMENDMENTS TO OTHER LAWS

Section 501: International Cooperation in Health

The Congress recognizes the need of international cooperation in combating diseases and other health deficiencies and in eliminating their basic causes.

Health has long been a major feature of the mutual security program. Funds for technical cooperation, defense support, and development assistance and special assistance, among others, have been expended for health objectives. Health activities are warmly welcomed by both governments and the people of the cooperating countries. It is possible through health programs to demonstrate U.S. concern for people themselves.

Three special health programs are proposed for fiscal year 1960. Two of these, the proposed community water supply program and the proposed grant for international medical research, are new. The third, the malaria eradication program, is going into its third year.

Two of the three programs are designed to attack mass disease problems. In the case of malaria, Congress has already authorized and appropriated funds for U.S. participation in an overall worldwide effort to wipe this disease from the face of the earth. The experience and success of the program to date provides conclusive evidence that realization of the program's objective is possible provided there is no slackening of effort. For the malaria program, \$30 million is proposed for bilateral programs and \$3 million and \$2 million, respectively, to the World Health Organization and the Pan American Health Organization.

The proposed community water supply program will attack the world's most widespread killer—diarrheal diseases. Technical support on a broad front is needed to encourage and aid the organization and adoption of practical programs to serve the water supply needs for better health, increased productivity, industrial expansion, and improved standards of living. The committee is favorably impressed with the projects to supply safe water in less developed countries. This activity effectively promotes economic development by developing the human resources, energy and health of the people on whom increased production is dependent. It is anticipated that the new program will provide for the development of municipal and village water supply systems and that funds authorized for special assistance will be allocated for this purpose.

This program will be carried out in collaboration with other nations, the World Health Organization, and the Pan American Health Organization. The sum of \$5 million from special assistance funds will be used for this purpose in fiscal year 1960.

In addition to the above two programs, an amount of \$1 million from special assistance funds is proposed for international medical research. These funds will be used to assist in implementing programs of research and related programs directed at heart disease, cancer, and other diseases common to mankind or unique to individual regions.

A coordinated international research program holds promise for all people. The past has given us discoveries by scientists in many nations which have benefited mankind everywhere. Cooperation in this work is necessary. Even greater accomplishments can be expected in the future under a cooperative program wherein all nations can make maximum contribution to the storehouse of scientific knowledge.

Section 502: Colombo Plan

Section 502 authorizes an appropriation to the Department of State from time to time of such sums as may be necessary for the United States to maintain membership in the Colombo plan.

The Colombo plan, established in 1950, is more a manner of operation than an agency or institution. Its formal name is the Consultative Committee for Cooperative Economic Development in South and Southeast Asia. It has 18 free world members: Australia, Burma, Cambodia, Canada, Ceylon, India, Indonesia, Japan, Laos, Federation of Malaya, Nepal, New Zealand, Pakistan, the Philippines, Thailand, the United Kingdom (including Singapore, Sarawak, and North Borneo), the United States, and Vietnam.

There is no single or master plan. Each member country carries out its own development program but has the benefit of consultation through the Consultative Committee which is the principal organizational unit. The annual meetings of the Committee afford an opportunity for an informal review of the economic progress of each member country, consideration of the assistance provided the member countries by the more developed countries, and an exchange of views on economic development experience, problems, and prospects, including a survey of resources supplied through private investment, international institutions, private foundations, and other sources.

In addition to the Consultative Committee there is also the Council for Technical Cooperation and its Bureau for Technical Cooperation. The Council has a twofold purpose: (1) to facilitate the provision of technical assistance by one member country to another, and (2) to promote the dissemination of information on the operations of the Colombo plan. The Council consists of one representative of each government on the Consultative Committee. The Council does not itself administer technical assistance or information programs. Since January 1959 the United States has been a member of the Council. Each member country is assessed an equal amount that currently is \$6,000 per year. The language in this bill will permit the United States to appropriate a sum for this annual assessment.

The Bureau is the only element of the Colombo plan with a permanent staff. It is located at Colombo, Ceylon, and consists of a director, an information officer, and a small staff of local personnel. The Bureau collates information provided by the members and prepares staff materials.

The Colombo plan's emphasis on technical assistance complements that of the United States in this area. From 1950 through June 1958

the members spent \$31.3 million for training awards, experts, and technical equipment. Almost 7,000 training awards have been made and the services of more than 1,000 technicians utilized.

The growing volume of capital development expenditures supplied by local and foreign sources has increased the need for technical assistance. It is in the U.S. interests to participate actively in this plan.

Section 503: Amendments to Other Laws

The Mutual Security Act of 1958, Public Law 477 of the 85th Congress, amended the Defense Base Act so that its uniform workmen's compensation coverage would be extended to employees working abroad under contracts approved and financed by the United States under the Mutual Security Act of 1954 as amended. The coverage, however, was limited to contracts entered into on or after June 30, 1958. The present amendment makes the Defense Base Act also applicable to contracts entered into prior to June 30, 1958, but not completed as of the date of enactment of the Mutual Security Act of 1959. This amendment will also have the effect of making the provisions of the War Hazards Compensation Act (22 U.S.C. 1701) applicable to this same category of employees as of the same date.

In the case of contracts to which the United States is not a formal party, the coverage under the War Hazards Compensation Act may be waived. Non-U.S. citizens and employees of contractors or sub-contractors engaged exclusively in the furnishing of materials or supplies are excluded from the benefits of the Defense Base Act. Furthermore, the Secretary of Labor has the authority to waive the application of that act on the recommendation of the head of the agencies affected.

THE PIPELINE

As it did last year the committee explored the size of the unexpended balances of the mutual security program. These unexpended balances, commonly called the pipeline, are funds that have been obligated for goods and services which are on order but have not yet been delivered, and thus have not yet been paid for. Following are the annual unexpended balances for the entire mutual security program—military and nonmilitary—at the close of each fiscal year since 1950:

	<i>Billion</i>		<i>Billion</i>
1950.....	\$3. 5	1955.....	\$7. 9
1951.....	7. 1	1956.....	6. 3
1952.....	9. 9	1957.....	6. 1
1953.....	10. 0	1958.....	5. 3
1954.....	9. 5	1959 (estimate).....	4. 7

An argument frequently put forward by those who want to reduce appropriations is to refer to the unexpended balances that exist at the end of each fiscal year. Such unexpended balances, it is argued, are "available." But it must be remembered that their availability is limited only to paying for obligations already incurred; they are not available to move the program forward through the purchase of additional goods and services. These can only be secured by making available new or unobligated money. Some critics have used the word "availability" without any qualifying phrase and in reference to sums of money that have no immediate identification with the

annual appropriation for the mutual security program. Within the term “availability” they include loans of the Export-Import Bank, sales of surplus agricultural commodities under Public Law 480 as well as activities financed under the mutual security program. If “availability” is limited to unobligated money for the next fiscal year, the sum would be the new money appropriated pursuant to authorizations contained in this bill plus any unobligated carryover that can be used, i.e., \$3.6 billion plus about \$39 million of fiscal year 1959 money, a total of \$3.64 billion.

Unexpended balances are not peculiar to the mutual security program. The following table compares the unexpended balances of the military assistance portion of the program with those of the Department of Defense.

[In billions]

Fiscal year	Military assistance under mutual security program	Department of Defense	Fiscal year	Military assistance under mutual security program	Department of Defense
1950-----	\$1.2	\$9.8	1955-----	\$6.2	\$45.3
1951-----	5.6	38.1	1956-----	4.6	37.5
1952-----	8.4	59.5	1957-----	4.2	34.6
1953-----	8.5	62.1	1958-----	3.4	32.1
1954-----	7.7	55.0	1959 (estimate)-----	2.6	32.3

In reporting the bill for the Department of Defense Appropriation, 1960, the House Committee on Appropriations made this observation about the size and trend of unobligated and unexpended balances for the Department of Defense:

The Committee believes that the unobligated and unexpended balance (of the Department of Defense) are now at about the lowest practical level consistent with a defense program of the current size.

That committee noted further that the Department of Defense—has made excellent progress in recent years in reducing these unobligated and unexpended balances.

The Committee on Foreign Affairs submits that the same comments are pertinent to the mutual security program.

The Department of Agriculture’s unexpended balance stood at \$2 billion at the end of fiscal year 1956. In 1957 it rose to \$3 billion. For 1958 it was \$4.8 billion and for the current fiscal year it is estimated to be \$3.3 billion. The unexpended balances of all other Government agencies (excluding Defense, Agriculture, and the mutual security program) were \$26.8 billion in 1956, \$24.7 billion in 1957, \$29.6 billion in 1958, and are estimated at \$32 billion in June 1959.

The reduction in the unexpended balances of the military part of the mutual security program has been brought about by spending more than the amount of the new appropriation. If this process were continued indefinitely it would bankrupt the entire program.

The economic part of the mutual security program shows a close correlation, particularly in recent years, among unexpended balances, appropriations, and expenditures.

[In billions]

Fiscal year	Unexpended balance	Appropriations, adjusted for transfers and reimbursements	Expenditures
1950.....	\$2.2	\$3.8	\$3.4
1951.....	1.5	2.1	2.8
1952.....	1.4	2.0	2.1
1953.....	1.6	1.9	1.7
1954.....	1.8	1.5	1.2
1955.....	1.7	1.8	1.9
1956.....	1.7	1.6	1.5
1957.....	1.8	1.7	1.6
1958.....	1.8	1.5	1.4
1959 (estimate).....	2.1	1.8	1.5

NOTE.—Excludes Development Loan Fund supplemental of \$150,000,000.

The argument has also been made that the mutual security program not only has large unexpended balances but that it also has tremendous unobligated amounts. The following figures taken from the President's budget for fiscal year 1960 show the unexpended and unobligated amounts for the mutual security program, the Department of Defense, the Department of Agriculture, and all other Federal agencies.

[In billions]

	Department of Defense	Mutual security program	Agriculture	All others
Unexpended June 30, 1956.....	\$37.5	\$6.5	\$2.0	\$26.8
Unobligated June 30, 1956.....	12.7	.4	.2	19.6
Unexpended June 30, 1957.....	34.6	6.3	3.0	24.7
Unobligated June 30, 1957.....	11.0	.9	1.6	17.7
Unexpended June 30, 1958.....	32.1	5.4	4.8	29.6
Unobligated June 30, 1958.....	8.3	.3	3.4	20.6
Unexpended June 30, 1959.....	32.3	5.0	3.3	32.0
Unobligated June 30, 1959.....	6.9	.4	1.7	21.0
Unexpended June 30, 1960 (estimated).....	32.2	5.5	2.3	31.7
Unobligated June 30, 1960 (estimated).....	6.4	.4	.8	20.5

NOTE.—Mutual security program balances include public debt funds for the investment guarantee program of \$200,000,000.

Mutual security program unobligated figures in above table exclude reservations; the latter item is also excluded from Department of Defense figures. Reservations are included, however, in mutual security program unexpended.

Reservations of the military assistance portion of the mutual security program are made pursuant to the provisions of section 108 of the Mutual Security Appropriation Act, 1956, as amended. To all intents and purposes this is an obligation on the part of the mutual security program. Under the reservation procedure equipment on order for the mutual security program is financed initially from regular Department of Defense procurement funds. At the time orders are placed, funds are reserved in the mutual security program military assistance accounts for future reimbursement to the procurement accounts of the military service.

In short, the fiscal side of the mutual security program compares favorably with that of other Government agencies. In most cases it is considerably better.

LIMITATION ON FUNDS FOR PROPAGANDA

Reports of waste and inefficiency in the operation of the mutual security program, even when subsequent investigation proves them to be exaggerated or false, are widely circulated and frequently repeated. At the same time the accomplishments of the program and its role in

the attainment of our foreign policy objectives are not well publicized or widely known.

This situation apparently is aggravated by the fact that those responsible for our foreign policy and for the operation of the mutual security program are reluctant to provide the public with frequent and full reports and other information on mutual security operations because of the provisions of section 508 of the Mutual Security Act which reads as follows:

None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

The Committee believes that the Executive is applying section 508 much too restrictively, and urges that fuller information be made available to the public and through the use of any appropriate means or media for making known to the public more effectively what is being done under the mutual security program and what its basic programs are. The Committee reiterates the statement of the managers on the part of the House at the time that the language of section 508 was accepted by the House conferees in 1952:

The committee of conference recognized the desirability of preventing any use of funds for propaganda in support of the mutual security program. At the same time there should not be any interference with the supplying of full information to the Congress and to the public concerning the operations of the mutual security program. The committee of conference believes that it is possible for those responsible for the administration of the mutual security act to maintain a sharp distinction between propaganda and the supplying of information as to the results attained under the program, and that this section of the conference agreement should not interfere with the recognized procedures for keeping the public and the Congress informed (p. 18, H. Rept. 2031, 82d Cong., 2d sess.).

PRIVATE CHANNELS OF TRADE

Section 402 of the Mutual Security Act requires that funds authorized under that section be used in accordance with certain standards as to use of private channels of trade to the maximum extent practicable.

During the past 5 years about \$2 billion in funds appropriated for the ICA and its predecessor agencies has been spent to finance exportation of surplus agricultural commodities from the United States. The bulk of these funds has been spent on programs established first under section 550 and then under section 402 of the mutual security legislation. A very substantial portion of the commodities involved have come from the stocks of the Commodity Credit Corporation and CCC export subsidies were paid on much of the remainder. Even where the commodities involved have come from CCC stocks, how-

ever, ICA funds have, with few exceptions, been paid to private exporters who purchased the commodities from CCC and resold them to foreign governments or importers.

An investigation now in process by another committee of the Congress has already developed evidence of very substantial markups, in some cases, between the prices at which CCC sold commodities and the prices at which ICA financed the very same commodities for export. This investigation has also disclosed that an extremely high percentage of ICA funds is being paid to a small number of very large firms. For example, six firms, with their subsidiaries, received a total of more than \$518 million in ICA funds in the 3½ year period from January 1954, through June 1957. This committee is aware of no real effort or attempt on the part of ICA to determine what services are being performed by private exporters, the extent to which their services are necessary, whether the cost of such services is reasonable, and whether it would be more appropriate to compensate exporters for necessary services as agents or brokers rather than as entrepreneurs.

The extent to which ICA has financed shipments of commodities acquired from CCC at prices exceeding the CCC sales price, plus the reasonable value of necessary services provided by the exporters, is not yet known. However, wherever that occurs, it has the effect of unnecessarily increasing the cost of commodities to the importing country and thus the cost to the U.S. taxpayers of financing such transactions.

Section 522(b) of the Mutual Security Act authorizes direct procurement of commodities by ICA from the Commodity Credit Corporation, and such direct transfers of commodities have been carried out in a number of instances.

The committee desires to emphasize that language in the act with respect to use of private channels of trade "to the maximum extent practicable" should not be construed as a mandate that private trade channels be used under any and all circumstances without consideration of the cost to the American taxpayer. It should be clear, under any reasonable interpretation of the law, that ICA is not required to finance exportation and sale for foreign currencies of surplus agricultural commodities in a manner which results in excessive costs to the taxpayers. Questions of efficiency and economy should be carefully considered in determining whether and how it is "practicable" to use private channels of trade in particular transactions.

This committee supports the objectives of avoiding direct State trading in these transactions and of keeping the commodities in private trade channels so far as practicable. However, it wishes to emphasize that economy and efficiency are to be carefully considered in determining "practicability." In particular, it would appear that where a transaction is essentially between two arms of the U.S. Government, the ICA and the CCC, a careful study should be made to determine whether a more advantageous form of transfer might be arranged.

In past years, CCC has sold most of the commodities in its inventory at reduced prices for export. More recently its procedures have been or are being changed to provide for payment of subsidies, mostly in kind, on exports from private stocks.

A typical transaction in grain, financed under section 402 under current procedures, would be carried out substantially as follows:

The ICA first makes a basic bilateral agreement with the recipient foreign country as to the dollar value and the commodity composition of the section 402 program, and the rate of exchange to be used. ICA then issues a procurement authorization to the foreign country, and a letter of commitment to a U.S. bank which is an agreement to reimburse the bank for payments it makes to suppliers for commodities delivered to importers.

The foreign country then authorizes importers of that country to use the funds made available as described above.

The importer of the foreign country then arranges with a U.S. exporter for the purchase and delivery of agricultural commodities in accordance with normal competitive practices in international trade. The importer arranges for a letter of credit by the aforesaid bank to cover payment for the commodities purchased, and the importer deposits or agrees with his own government to deposit the local currency equivalents of the dollar credits. The making of this deposit is the responsibility of the recipient country, irrespective of the performance of the foreign importer.

The exporter purchases the commodity in the quantities required from U.S. private trade stocks (or in some cases from CCC), makes arrangements for the packaging and delivery to the port of exit and for inspection and loading.

The exporter now presents to the letter of credit bank various documents evidencing delivery of commodities to the importer, and the exporter is paid by the bank. His dealing with the importer however is based on the export price, which is lower than the market price, and he is paid by the bank on the letter of credit at that export price.

He is, however, permitted to obtain a subsidy from the CCC to make up for this difference in price. Upon presentation of the proper documents to the CCC, he receives the subsidy, usually in kind (that is, in the form of the same commodities which were exported in quantities having a value equal to the subsidy). Meanwhile the exporter has paid the supplier from whom he purchased commodities on the open market the market value price.

The letter of credit bank then presents the required documents to ICA and is reimbursed by the United States for payments made by it under the letter of credit.

USE OF EXCESS GOVERNMENT PROPERTY FOR ECONOMIC ASSISTANCE

The committee hopes that particular effort will be made to further the purposes of the Mutual Security Act through use of excess property of the U.S. Government agencies, and believes that this utilization of excess property should be favored by agencies holding or disposing of it. This would be a highly constructive use of this property which is no longer needed for the purposes for which the Government originally purchased it and which might otherwise not only go unused but run up storage and maintenance costs. An example of what might be done along this line is a proposal for furnishing excess

Government stocks of machine tools and equipment to several countries for use by small industries. There is now authority to utilize excess property under the act either by purchasing it at the price established in accordance with law by GSA or the holding agency, or possibly in special circumstances at no cost in accordance with applicable regulations, for use in country programs, or by furnishing it to other countries at the price for excess property pursuant to the authority in section 535(b) of the act.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

AN ACT To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1954." This Act is divided into chapters and titles, according to the following table of contents:

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Title IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS

Chapter III—CONTINGENCY FUND

Chapter IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 2. STATEMENT OF POLICY.—(a) *It is the sense of Congress that peace in the world increasingly depends on wider recognition, both in principle and practice, of the dignity and interdependence of man; and that the survival of free institutions in the United States can best be assured in a worldwide atmosphere of expanded freedom.* The Congress of the United States recognizing that the peace of the world and the security of the United States are endangered as long as international communism and the nations it controls continue by threat of military action, use of economic pressure, internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination, declares it to be the policy of the United States to continue as long as such danger to the peace of the world and to the security of the United States persists to make available to free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability,

strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

(b) It is the sense of the Congress that inasmuch as—

(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe;

(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world, those nations that have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

(c) It is the sense of the Congress that assistance under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence.

(d) It is the sense of the Congress, recognizing the interdependence of the freedom and progress of liberty-loving people everywhere, that the United States within the limits of its other obligations has an abiding interest in assisting the efforts of the people of the world to realize their aspirations for improved living standards, for education, for governments of their own choosing and for dignity and respect as individual human beings.

CHAPTER I—MILITARY ASSISTANCE

SEC. 101. PURPOSE OF CHAPTER.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop

their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

SEC. 102. GENERAL AUTHORITY.—Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a non-combatant nature, including military training or advice.

SEC. 103. AUTHORIZATIONS.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1959] 1960 to carry out the purposes of this chapter not to exceed [\$1,605,000,000] \$1,440,000,000, which shall remain available until expended.

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

(c) When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141, and 142, to nations eligible to purchase military equipment, materials, and services under section 106. When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within three years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: *Provided*, That the authority in this sentence shall apply to repayments from not to exceed \$175,000,000 of the appropriations used for such assistance.

SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$1,000,000,000, less amounts already contributed for such purpose. Such contribu-

tions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50,000,000.

(c) Notwithstanding section 501 of this Act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) *Subject to fulfilling commitments in existence on June 30, 1959, no arms or weapons may be furnished to any nation under this chapter on a grant basis, except where the President determines that the national interest requires otherwise and so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate, unless—*

(1) the arms or weapons requested by and furnished to the recipient nation are needed to meet the danger of direct Communist armed aggression or infiltration, or Communist subversion from within, or to perform agreed missions within collective defense arrangements under treaties entered into with the United States;

(2) the arms or weapons furnished the recipient nation are limited to those of a type and in amounts appropriate to these needs; and

(3) the defense expenditures of the recipient nation, taking into account assistance from other sources, do not overburden the economy of such nation in such a way as to create internal instability, nor strain its relations with its non-Communist neighboring nations in such a way as to create regional instability, which may overbalance the benefits of the protection provided against the external danger.

[(b)] (c) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

(1) The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing

security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe, including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area.

(2) Military assistance furnished to any nation in the Near East and Africa to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in Asia, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not normally be the basis for military assistance programs to American Republics.

SEC. 106. SALE OF MILITARY EQUIPMENT, MATERIALS, AND SERVICES.—(a) The President may, in order to carry out the purposes of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty

days thereafter or, as determined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

(c) Sections 105, 141, and 142 shall not apply with respect to assistance furnished under this section.

SEC. 107. WAIVERS OF LAW.—(a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 7307 (a); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(b) Notwithstanding the provisions of title 10, United States Code, section 3544 (b) and 8544 (b), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.

CHAPTER II—ECONOMIC ASSISTANCE

TITLE I—DEFENSE SUPPORT

SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under Chapter I, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance specifically designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

(b) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1959] 1960 to carry out the purposes of this section not to exceed [\$810,000,000] \$750,000,000, which shall remain available until expended.

(c) In proving assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do

business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

(d) To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title or chapter I and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this Act.

SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—No assistance shall be furnished under this title or chapter I to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. No such assistance shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title or chapter I and to safeguard the interests of the United States.

SEC. 142. AGREEMENTS.—(a) No assistance shall be furnished to any nation under chapter I or under this title unless such nation shall have agreed to—

(1) join in promoting international understanding and good will, and maintaining world peace;

(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreement or treaties to which the United States is a party;

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

(5) take all reasonable measures which may be needed to develop its defense capacities;

(6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of chapter I or of this title;

(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter I without the consent of the President;

(8) maintain the security of any article, service, or information furnished under chapter I;

(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purposes of chapter I;

(10) permit continuous observation and review by United States representatives of programs of assistance authorized under

chapter I or under this title, including the utilization of any such assistance and provide the United States with full and complete information with respect to these matters, as the President may require.

(b) In cases where any commodity is to be furnished on a grant basis under this title under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a Special Account, and

(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available *or for the advancement of education, including the establishment, expansion, or operation of schools, colleges, or universities for the promotion of vocational, professional, scientific, technological, or general education: Provided*, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: *Provided further*, That such utilization of such excess amounts in all Special Accounts shall not exceed the equivalent of \$4,000,000: *Provided further*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States.

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by the Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.

SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act.

SEC. 144. SOUTHEAST ASIA.—Assistance under this title or chapter I shall be made available subject to the provisions of sections 141 and

142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to section 121, excluding unexpended balances of prior appropriations) to other nations in the area of southeast Asia, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Speaker of the House of Representatives within thirty days.

TITLE II—DEVELOPMENT LOAN FUND

SEC. 201. DECLARATION OF PURPOSE.—The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such peoples if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climate favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities.

SEC. 202. GENERAL AUTHORITY.—(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the "Development Loan Fund" (hereinafter referred to in this title as the "Fund") which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate.

(b) The Fund is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as it may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus *and to the net position of the United States in its balance of trade with the rest of the world*, of the activity and the

financing operation or transaction involved. Loans shall be made by the Fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment. *The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people, demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives.* The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund. The authority of section 451(a) of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. No guaranties of equity investment against normal business-type risks shall be made available under this subsection *nor shall the fractional reserve maintained by the Development Loan Fund for any guaranty made pursuant to this section be less in any case than 50 percent of the face amount of such guaranty.* The President's semi-annual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.

SEC. 203. CAPITALIZATION.—[(a) There is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund, not to exceed \$500,000,000. In addition, there is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund beginning in the fiscal year 1959, not to exceed \$625,000,000.] *There is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund after June 30, 1959, not to exceed \$800,000,000.*

SEC. 204. FISCAL PROVISIONS.—(a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

(b) The Fund is authorized to incur, in accordance with the provisions of this title, obligations in amounts which may not at any time exceed the assets of the Fund. The term "assets of the Fund" as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization made available pursuant to section 203 [(a)] of this Act which has not been advanced to the Fund as of such time. The assets of the Fund shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title.

(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended.

SEC. 205. MANAGEMENT, POWERS AND AUTHORITIES.—(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the “Board”) consisting of the Under Secretary of State for Economic Affairs, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and three other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law.

(c) The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partner-

ship, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures of the Fund, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as the Fund shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, the Fund, and, as the Fund may determine, refer any such obligations or rights to the Attorney General for suit or collection; adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government; and otherwise take any and all actions determined by the Fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation, or in carrying out any function. Nothing herein shall be construed to exempt the Fund or its operations from the application of section 507(b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U.S.C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress. The Export-Import Bank shall administer loans made from the Fund, as provided in section 505(b) of this Act.

(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by

section 4(a) of the Civil Service Retirement Act, as amended (5 U.S.C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4(a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202(a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202(a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205(b) of this Act.

SEC. 206. NATIONAL ADVISORY COUNCIL.—The Fund shall be administered subject to the applicable provisions of section 4 of the Bretton Woods Agreements Act (22 U. S. C. 286b) with respect to the functions of the National Advisory Council on International Monetary and Financial Problems.

TITLE III—TECHNICAL COOPERATION

SEC. 301. DECLARATION OF PURPOSE.—It is the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

SEC. 302. GENERAL AUTHORITY AND DEFINITION.—The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term "technical cooperation programs" means

programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, labor, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

SEC. 303. PREREQUISITES TO ASSISTANCE.—Assistance shall be made available under section 302 of this Act only where the President determines that the nation being assisted—

- (a) pays a fair share of the cost of the program;
- (b) provides all necessary information concerning such program and gives the program full publicity;
- (c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;
- (d) endeavors to make effective use of the results of the program; and
- (e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 304. AUTHORIZATION.—There is hereby authorized to be appropriated to the President to remain available until expended not to exceed **[\$150,000,000]** \$179,500,000 for use beginning in the fiscal year **[1959]** 1960 to carry out the purposes of this title.

SEC. 305. LIMITATION ON USE OF FUNDS.—Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 306. MULTILATERAL TECHNICAL COOPERATION AND RELATED PROGRAMS.—As one means of accomplishing the purposes of this title and this Act, the United States is authorized to participate in multilateral technical cooperation and related programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

- (a) **[\$20,000,000]** \$30,000,000 for the fiscal year **[1959]** 1960 for contributions to the United Nations Expanded Program of Technical Assistance and such related fund as may hereafter be established: *Provided*, That, notwithstanding the limitation of 33.33 per centum contained in the Mutual Security Appropriation Act, 1957, the United States contribution for such purpose may constitute for the calendar year 1958 as much as but not to exceed 45 per centum of the total

amount contributed for such purpose and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose for each such year.

(b) \$1,500,000 for the fiscal year [1959] 1960 for contributions to the technical cooperation program of the Organization of American States.

SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect to technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, extend at any time for not more than three years.

SEC. 308. INTERNATIONAL DEVELOPMENT ADVISORY BOARD.—There shall be an advisory board, referred to in this section as the "Board," which shall advise and consult with the President, or such other officer or officers as he may designate [to administer this title], with respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 413(b). The Board shall consist of not more than thirteen members appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups interested in the programs, including business, labor, agriculture, public health, and education. All members of the Board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any United States Government agency) who as such regularly receives compensation for current services. Members of the Board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purpose of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem, or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, in lieu of subsistence and other expenses.

TITLE IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 400. SPECIAL ASSISTANCE.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1959] 1960 not to exceed [\$202,500,000] \$250,000,000 for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability.

(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the Presi-

dent not to exceed \$25,000,000, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 per centum of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

(c) The President is authorized to use not to exceed \$10,000,000 of funds appropriated pursuant to subsection (a) of this section for assistance, on such terms and conditions as he may specify, (1) to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, or (2) *for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States*, notwithstanding any other Act authorizing assistance of this kind. Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, *and notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or Public Law 213, Eighty-second Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act, for the purposes of this subsection.*

(d) *Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President is authorized to use foreign currencies accruing to the United States in any Latin American country under this or any other Act (other than under title II of chapter II of this Act) in such amounts as may be specified from time to time in appropriation Acts for the purpose of making loans for land resettlement programs described in clause (C) of subsection (b) of this section.*

SEC. 401. UNITED NATIONS EMERGENCY FORCE.—*The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1960 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force.*

SEC. 402. EARMARKING OF FUNDS.—Of the funds authorized to be made available in the fiscal year [1959] 1960 pursuant to this Act (other than funds made available pursuant to title II), not less than \$175,000,000 shall be used to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof

produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section.

SEC. 403. RESPONSIBILITIES IN GERMANY.—The President is hereby authorized to use during the fiscal year [1959] 1960 not to exceed [\$8,200,000] \$7,500,000 of the funds made available pursuant to section 400(a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded.

SEC. 405. MIGRANTS, REFUGEES, AND ESCAPEES.—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee.

(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated for the fiscal year [1959] 1960 not to exceed [\$1,200,000] \$1,100,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.

(d) There is hereby authorized to be appropriated to the President for the fiscal year [1959] 1960 not to exceed [\$8,600,000] \$5,200,000 for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 451 of this Act.

SEC. 406. CHILDREN'S WELFARE.—There is hereby authorized to be appropriated not to exceed **[\$11,000,000]** \$12,000,000 for the fiscal year **[1959]** 1960 for contributions to the United Nations Children's Fund.

SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—There is hereby authorized to be appropriated to the President for the fiscal year **[1959]** 1960 not to exceed \$25,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East¹: *Provided*, That of the funds appropriated pursuant to this section fifteen per centum shall be available only for repatriation or resettlement of such refugees². In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate.

SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—(a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U.S.C. 287r).

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve Officers may serve for periods of more than **[four]** five years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U.S.C. 922).

SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) There is hereby authorized to be appropriated to the President for the fiscal year [1959] 1960 not to exceed [\$2,100,000] \$2,300,000 to carry out the purposes of this section.

(d) In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.

[SEC. 410. CONTROL ACT EXPENSES.—There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$1,000,000 for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611). In addition, in accordance with section 303 of that Act, funds made available for carrying out chapter I of this Act shall be available for carrying out the purpose of this section in such amounts as the President may direct.]

SEC. 411. ADMINISTRATIVE AND OTHER EXPENSES.—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) There is hereby authorized to be appropriated to the President for the fiscal year [1959] 1960 not to exceed [\$33,000,000] \$39,500,000 for necessary administrative expenses incident to carrying out the provisions of this Act (other than chapter I and title II of chapter II) and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance.

(c) There are authorized to be appropriated to the Department of State such amounts[, not to exceed \$7,000,000 in any fiscal year,] as may be necessary from time to time for administrative expenses which are incurred for functions of the Department under this Act or for normal functions of the Department which relate to functions under this Act, *and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): Provided, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct.*

(d) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

SEC. 413. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress recognizes the vital role of free

enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, nations participating in programs under this Act;

(3) shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

(4) may make, through an agency responsible for administering nonmilitary assistance under this Act, until June 30, 1967, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That—*

(A) such projects shall be approved by the President as furthering any of the purposes of this Act, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved proj-

ect which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war, *revolution, insurrection, or civil strife arising in connection with war, revolution, or insurrection*;

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section: *Provided*, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced;

(F) the President is authorized to issue guaranties up to a total face value of **["\$500,000,000"]** *\$1,000,000,000* exclusive of informational media guaranties heretofore and hereafter issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)): *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, and funds realized after June 30, 1955, from the sale of currencies or other assets acquired pursuant to subparagraph (C), shall be available for allocation to other guaranties, and the foregoing limitation shall be increased to the extent that such funds become available. Any payments made to discharge liabilities under guaranties issued under this paragraph shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of currencies or other assets acquired pursuant to subparagraph (C) and notes which have been issued under authority of paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and authorized to be issued under this paragraph by the Director of the International

Cooperation Administration or such other officer as the President may designate, when necessary to discharge liabilities under any such guaranty: *Provided*, That all guaranties issued after June 30, 1956, pursuant to this paragraph shall be considered for the purposes of sections 3679 (31 U.S.C. 665) and 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States of such guaranties; and the President shall, in the submission to the Congress of the reports required by section 534 of this Act, include information on the operation of this paragraph: *Provided further*, That at all times funds shall be allocated to all outstanding guaranties issued prior to July 1, 1956, exclusive of informational media guaranties issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, equal to the sum of the face value of said guaranties. For the purpose of this paragraph the Director of the International Cooperation Administration or such other officer as the President may designate is authorized to issue notes (in addition to the notes heretofore issued pursuant to paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended) in an amount not to exceed \$37,500,000, and on the same terms and conditions applicable to notes issued pursuant to said paragraph 111(c)(2);

(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act;

(H) as used in this paragraph—

(i) the term “person” means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

(ii) the term “investment” includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

(c) Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment, and business operations in foreign countries, shall conduct [a study] *annual studies* of the ways and means in which the role of the private sector of the national economy can be more effectively utilized and protected in carrying out the purposes of this Act, so as to promote the foreign policy of the United States, to

stabilize and to expand its economy and to prevent adverse effects, with special reference to areas of substantial labor surplus, *and to the net position of the United States in its balance of trade with the rest of the world.* Such [study] studies shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States.

SEC. 414. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section and in addition, shall pay a registration fee which shall be prescribed by such regulations. Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

SEC. 415. ASSISTANCE TO INTERNATIONAL ORGANIZATIONS.—Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization and the Organization for European Economic Cooperation, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.

SEC. 416. FACILITATION AND ENCOURAGEMENT OF TRAVEL.—The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administration expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States. To this end, under the direction of the President, the Departments of State and Commerce, the agency primarily responsible for administering nonmilitary assistance under this Act and such

other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international travel, shall conduct a study of barriers to international travel and ways and means of promoting, developing, encouraging, and facilitating such travel in the mutual interests of the United States and countries assisted under this Act.

SEC. 417. IRISH COUNTERPART.—Pursuant to section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, the disposition within Ireland of the unencumbered balance, in the amount of approximately 6,000,000 Irish pounds, of the special account of Irish funds established under article IV of the Economic Cooperation Agreement between the United States of America and Ireland, dated June 28, 1948, for the purposes of—

(1) scholarship exchange between the United States and Ireland;

(2) other programs and projects (including the establishment of an Agricultural Institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry; and

(3) development programs and projects in aid of the foregoing objectives, is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954.

SEC. 419. ATOMS FOR PEACE.—(a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year [1959] 1960 not to exceed [\$5,500,000] \$6,500,000 to carry out the purposes of this section.

(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately die-stamped or labeled as a product of the United States shall be so stamped or labeled.

SEC. 420. MALARIA ERADICATION.—The Congress of the United States, recognizing that the disease of malaria, because of its widespread prevalence, debilitating effects, and heavy toll in human life, constitutes a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities and to improve their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. The President is hereby authorized to use funds made available under this Act (other than chapter I and title II of chapter II) to furnish to such

nations, organizations, persons or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section: *Provided*, That this section shall not affect the authority of the Development Loan Fund to make loans for such purposes, so long as such loans are made in accordance with the provisions of title II of chapter II.

CHAPTER III—CONTINGENCY FUND

SEC. 451. PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND.—(a) Of the funds made available for use under this Act, not to exceed \$150,000,000, in addition to the funds authorized for use under this subsection by subsection (b) of this section, may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act or any Act appropriating funds for use under this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this subsection may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this Act not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$30,000,000 of the funds available under this subsection may be allocated to any one nation in any fiscal year.

(b) There is hereby authorized to be appropriated to the President for the fiscal year [1959] 1960 not to exceed [\$155,000,000] \$100,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section.

(c) It is the purpose of this Act to advance the cause of freedom. The Congress joins with the President of the United States in proclaiming the hope that the peoples who have been subjected to the captivity of communist despotism shall again enjoy the right of self-determination within a framework which will sustain the peace; that they shall again have the right to choose the form of government under which they will live, and that sovereign rights of self-government shall be restored to them all in accordance with the pledge of the Atlantic Charter. Funds available under subsection (a) of this section may be used for programs of information, relief, exchange of persons, education, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism.

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 501. TRANSFERABILITY OF FUNDS.—(a) Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provisions of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount made available for such provision pursuant to this Act.

(b) *In view of the rapidly increasing danger to the independence of friendly countries which is presented by the trade and assistance programs of international communism, and notwithstanding subsection (a) of this section and the sixth sentence of section 202(b), the President is authorized to transfer to and consolidate with funds made available for nonmilitary use under titles II, III, and IV of chapter II up to 30 per centum of the funds made available for military use under chapter I.*

SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any purposes of this Act, giving particular regard to the following purposes—

(1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;

(2) for purchase of goods or services in friendly nations;

(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

(4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries; and

(6) for purchasing materials for United States stockpiles.

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, and to the Joint Committee on Atomic Energy and the Joint Economic Committee and the Select Committees on Small Business of the Senate and House of Representatives for their local currency expenses: *Provided*, That each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended, together with the purposes of the expenditure, including

lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall consolidate the reports of each member and employee of the committee and forward said consolidated report, showing the total itemized expenditures of the committee and each subcommittee thereof during the preceding calendar year, to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate.

(c) *Notwithstanding any other provision of law, foreign currencies available to the United States for utilization under this or any other Act may be utilized by the President, in his discretion, for science and research, including the translation of scientific books and treatises.*

SEC. 503. (a) **TERMINATION OF ASSISTANCE.**—If the President determines that the furnishing of assistance to any nation under any provision of this Act—

(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this section for the necessary expenses of liquidating assistance programs.

(b) *In any case in which a nation shall hereafter expropriate or confiscate the property of any person as defined in section 413(b) of this Act and shall fail within six months of such expropriation or confiscation to take steps determined by the President to be appropriate to discharge its obligations under international law toward such person, the President shall withhold assistance under this Act or any other Act to such nation.*

SEC. 504. **SMALL BUSINESS.**—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under chapter II of this Act—

(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, informa-

tion, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter I, such information to be furnished as far in advance as possible.

SEC. 505. LOAN ASSISTANCE AND SALES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act and shall emphasize loans rather than grants wherever possible. Whenever commodities, equipment, materials, or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities, equipment, materials, or services which generated the currencies were appropriated.

(b) Funds for the purpose of furnishing assistance on terms of repayment may be allocated to the Export-Import Bank of Washington, which may, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended.

[Amounts received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be used for such purposes, including further loans, as may be authorized from time to time by Congress.] *United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the*

United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to the Development Loan Fund, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of title II of chapter II of this Act. Amounts received in repayment of principal and interest on any credits made under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

SEC. 506. PATENTS AND TECHNICAL INFORMATION.—(a) As used in this section—

(1) the term “invention” means an invention or discovery covered by a patent issued by the United States; and

(2) the term “information” means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

(1) use within the United States, without authorization by the owner, shall be made of an invention; or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the

Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

SEC. 507. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year.

SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

SEC. 509. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities, materials, and equipment procured out of local currency funds made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 USC 1691 and the following), shall not be governed by the provisions of section 901 (b) of the Merchant Marine Act of 1936, or any other law relating to the ocean transportation of commodities, materials, and equipment on United States flag vessels. Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901 (b) of the Merchant Marine Act, 1936, as amended).

SEC. 510. PURCHASE OF COMMODITIES.—No funds made available under title I of chapter II of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title I or II of chapter II of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base [.] *or to the net position of the United States in its balance of trade with the rest of the world*, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.

SEC. 511. RETENTION AND RETURN OF EQUIPMENT.—(a) No equipment or materials may be transferred under chapter I or title I

of chapter II out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

(c) The President shall make appropriate arrangements with each nation receiving equipment or materials on a grant basis under chapter I for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

SEC. 512. PENAL PROVISION.—Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine not to exceed \$10,000 or imprisonment for not to exceed three years, or both: *Provided*, That this section shall not apply to persons appointed pursuant to sections 308 or 530 (a) of this Act.

SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or Acts appropriating funds pursuant to authorizations contained in this Act or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate

shall promptly notify the Committee on Foreign Relations and, when military assistance is involved, the Committee on Armed Services of the Senate, and the Speaker of the House of Representatives, stating the justification for such changes. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of any determination under the first sentence of section 451 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with them.

SEC. 514. INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES.—Foreign currencies or credits owed to or owned by the United States, where arising from this Act or otherwise, shall, upon a request from the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended, be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of

SEC. 515. AUTHORIZATION FOR GRANT OF CONTRACT AUTHORITY.—Provisions in this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

SEC. 516. PROHIBITION AGAINST DEBT RETIREMENT.—None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided*, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142 (b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

SEC. 517. COMPLETION OF PLANS AND COST ESTIMATES.—After July 30, 1958, no agreement or grant which constitutes an obligation of the United States in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under [title I or] *title I, II, or III* (except section 306) of chapter II, or section 400 (a)—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within one year from the date the agreement or grant is made.

This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans. *With respect to any loan made under the provisions of title II of chapter II, the President, if he finds it to be in the interests of the United States, may waive any provision of this section.*

SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT.—(a) Except as provided in subsection (b) and section 413 (b) (4), the President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of chapter II of this Act through the Secretary of State.

(c) The President shall continue to exercise the powers conferred on him under title I of chapter II, relating to defense support, only through the Secretary of State and his subordinates.

SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed as to reimbursement by the procedures of subsection (c) of this section.

(b) Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury. The Administrator of General Services is authorized to maintain in a separate consolidated account, which shall be free from fiscal year limitations, payments received by the General Services Administration for administrative surcharges in connection with procurement services performed by the General Services Administration in furtherance of the purposes of this Act. Such payments shall be in amounts mutually acceptable to the General Services Administration and the United States Government agency which finances the procurement, and these amounts shall be available for administrative expenses incurred by the General Services Administration in performing such procurement services.

(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter I of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the

value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

(d) In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this Act other than chapter I, reimbursement or payment shall be made to such agency from funds available to carry out such provision. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owing agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(e) In furnishing assistance under this Act and in making surplus agricultural commodities available under section 402 accounts may be established on the books of any United States Government agency or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

(f) Any appropriation made to carry out the provisions of this Act may initially be charged, within the limits of available funds, to finance expenses for which funds are available in other appropriations made under this Act: *Provided*, That as of the end of the same fiscal year such expenses shall be finally charged to applicable appropriations with proper credit to the appropriations initially utilized for financing purposes.

SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. *The chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations.*

(c) Under the direction of the President, the Secretary of State shall:

(1) coordinate the various forms of assistance authorized by this Act so that the foreign policy of the United States may be best served thereby; and

(2) determine the value of the program under chapter I for any country.

SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter I of this Act, the Secretary of Defense shall have primary responsibility for—

(1) the determination of military end-item requirements;

(2) the procurement of military equipment in a manner which permits its integration with service programs;

(3) the supervision of end-item use by the recipient countries;

(4) the supervision of the training of foreign military personnel;

(5) the movement and delivery of military end-items; and

(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.

SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration (including any function, office or entity thereof transferred to any other agency) or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto: *Provided*, That such authority conferred by this sentence shall be exercised in accordance with applicable laws and regulations relating to the Civil Service and Veterans' Preference.

SEC. 526. MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of

the Foreign Service Act of 1946 (22 U.S.C. 801), or (2) compensation and allowances in accordance with section 527 (c) of this Act, as the President shall determine to be appropriate. If a Foreign Service Officer shall be appointed by the President to a position under this section, the period of his service in such capacity shall be considered as constituting an assignment for duty within the meaning of section 571 of the Foreign Service Act of 1946, as amended, and such person shall not, by virtue of his acceptance of such an assignment, lose his status as a Foreign Service Officer.

SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed **[sixty]** *sixty-five* may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed **[thirty-five]** *forty* may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended. *One of the offices established by section 1(d) of Reorganization Plan Numbered 7 of 1953 may notwithstanding the provisions of any other law be compensated at a rate not in excess of \$20,000 per annum.*

(c) For the purpose of performing functions under this Act outside the continental limits of the United States, the Director may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U.S.C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that

Act: *Provided, however,* That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months.

To the maximum extent feasible, personnel appointed under this Act to perform services outside the United States shall be appointed in accordance with the civil service laws.

(d) For the purpose of performing functions under this Act outside the continental limits of the United States, the Secretary of State may, at the request of the Director, appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions.

SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided,* That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also receive, under such regulations as the President

may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

(c) Details or assignments may be made under this section—

(1) without reimbursement to the United States by the international organization;

(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the international organization; or

(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), may be employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, while so employed within the continental limits of the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas) while so employed outside the continental limits of the United States: *Provided*, That contracts for such employment with such organizations may be renewed annually.

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710 (b) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2160), and regulations issued thereunder.

SEC. 531. SECURITY CLEARANCE.—No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director under this Act for a period to exceed three months unless—

(a) such individual has been investigated as to loyalty and security by the Civil Service Commission, or by the Federal Bureau of Investigation in the case of specific positions which have been certified by the Director as being of a high degree of importance or sensitivity or in case the Civil Service Commission investigation develops data reflecting that the individual is of questionable loyalty, and a report thereon has been made to the Director, and until the Director has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never knowingly been a member of any organization advocating contrary views; or

(b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this Act who has been previously investigated in connection with such employment.

SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN FEDERAL LAWS.—(a) Service of an individual as a member of the Board established pursuant to section 308 of this Act or as an expert or consultant under section 530 (a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U. S. C., section 281, 283 or 284, or of section 190 of the Revised Statutes (5 U. S. C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U. S. C. 715), section 212 of the Act of June 30, 1932, as amended (5 U. S. C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities. Contracts for the employment of retired military personnel with specialized research and development experience, not to exceed ten in number, as experts or consultants under section 530 (a), may be renewed annually, notwithstanding section 15 of the Act of August 2, 1946 (5 U.S.C. 55a).

(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

Sec. 533A. Inspector General and Comptroller.—(a) *There is hereby established in the Department of State an office to be known as the "Office of the Inspector General and Comptroller", which shall be headed by an officer designated as the "Inspector General and Comptroller", whose salary shall be fixed at the maximum rate provided by section 527(b), and who shall be appointed by and be responsible to an Under Secretary of State designated for such purpose by the Secretary of State. In addition, there shall be a Deputy Inspector General and Comptroller, whose salary shall not exceed the maximum rate provided under the General Schedule of the Classification Act of 1949, as amended, and such other personnel as may be required to carry out the functions vested in the Inspector General and Comptroller by or pursuant to this section.*

(b) *There are hereby transferred to the Inspector General and Comptroller all functions, powers, and duties of the Office of Evaluation of the International Cooperation Administration, and so much of the functions, powers, and duties of the Office of Personnel Security and Integrity as relate to investigations of improper activities in connection with programs under the International Cooperation Administration.*

(c) *The Inspector General and Comptroller shall have the following duties:*

(1) *Establishing a system of financial controls designed to insure compliance with applicable laws and regulations in carrying out programs under the provisions of chapter I, of titles I, II, III (except section 306), and IV (except sections 405, 406, 407, and 408) of chapter II and of chapter III of this Act;*

(2) *Advising and consulting with the Secretary of Defense or his delegate with respect to the controls, standards, and procedures established under this section insofar as such controls, standards, and procedures relate to assistance furnished under chapter I of this Act;*

(3) *Establishing policies and standards providing for extensive internal audits of program activities under the provisions of this Act referred to in paragraph (1);*

(4) *Reviewing and approving internal audit programs under this section, and coordinating such programs with the General Accounting Office and the appropriate officials of other Government departments*

in order to insure maximum audit coverage and to avoid duplication of effort;

(5) Reviewing audit findings and recommendations of operating agencies and the action taken thereon, and making recommendations with respect thereto to the Under Secretary of State and other appropriate officials;

(6) Conducting or requiring the conduct of such special audits as in his judgment may be required in individual cases, and of inspections with respect to end-item use in foreign countries;

(7) Prescribing a system of financial and statistical reporting with respect to all programs carried out under the provisions of this Act referred to in paragraph (1);

(8) Advising the Under Secretary of State and other appropriate officials on fiscal and budgetary aspects of proposed programs under this Act;

(9) Designing the form and prescribing the financial and statistical content of the annual program presentation to the Congress; and

(10) Carrying out such other duties as may be vested in him by the Under Secretary of State.

(d) Expenses of the Office of the Inspector General and Comptroller with respect to programs under this Act shall be charged to the appropriations made to carry out such programs.

SEC. 534. REPORTS.—The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each six months of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504, 202, 400, 416, 413(b), and 418 of this Act.

SEC. 535. COOPERATION WITH NATIONS AND INTERNATIONAL ORGANIZATIONS.—(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this Act to any country or the amount thereof.

(b) Whenever the President determines it to be consistent with and in furtherance of the purposes and within the limitations of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, and on request of free nations, are authorized to furnish nonmilitary supplies, materials, and services, to such organizations and nations on an advance of funds or reimbursement basis. Such

advances, or reimbursements which are received under this subsection within one hundred and eighty days after the close of the fiscal year in which such supplies, materials, and services are delivered, may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are used.

SEC. 536. JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA.—The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

SEC. 537. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of this Act (except for chapter I), allocations to any United States Government agency, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to any agency administering nonmilitary assistance, shall be available for:

(1) rents in the District of Columbia;

(2) expenses of attendance at meetings concerned with the purposes of such appropriations, including (notwithstanding the provisions of section 9 of the Act of March 4, 1909 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 530 of this Act;

(3) employment of aliens, by contract, for services abroad;

(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles abroad for administrative purposes may be purchased for replacement only and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles and the cost, including exchange allowance, of each such replacement shall not exceed \$3,300 in the case of an automobile for the chief of any special mission or staff abroad established under section 526 of this Act: *Provided further*, That passenger motor vehicles may be purchased for use in the continental United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment within the United States (not to exceed \$15,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543), and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by an officer administering nonmilitary assistance, or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles in foreign countries;

(10) rental or lease outside the continental limits of the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties;

(11) actual expenses of preparing and transporting to their former homes in the United States or elsewhere, and of care and disposition of, the remains of persons or member of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection (a);

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program of furnishing technical information and assistance, while such participants are away from their homes in countries other than the continental United States, at rates not in excess of those prescribed by the Standardized Government Travel Regulations, notwithstanding any other provision of law;

(14) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 and the following), not otherwise provided for;

(15) ice and drinking water for use abroad;

(16) services of commissioned officers of the Public Health Service and of the Coast and Geodetic Survey, and for the purposes of providing such services the Public Health Service may appoint not to exceed twenty officers in the regular corps to grades above that of senior assistant, but not above that of director, as otherwise authorized in accordance with section 711 of the Act of July 1, 1944, as amended (42 U.S.C. 211a), and the Coast and Geodetic Survey may appoint for such purposes not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the continental United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel) and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year, and cost of transporting to and from a place of storage, and the cost of storing, the furniture and household and personal effects of any employee (i) for not to exceed three months after first arrival at a new post, (ii) when an employee is assigned to a post to which he cannot take, or at which he is unable to use, his furniture and household and personal effects, (iii) when such storage would avoid the cost of transporting such furniture and effects from one location to another, (iv) when he is temporarily absent from his post under orders, or (v) when through no fault of the employee storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel, under such regulations as

an officer administering nonmilitary assistance, or such person as he may designate, may prescribe;

(18) payment of unusual expenses incident to the operation and maintenance of official residences for chiefs of special missions or staffs serving in accordance with section 526 of this Act.

(b) United States Government agencies are authorized to pay the costs of health and accident insurance for foreign participants in any exchange-of-persons program or any program of furnishing technical information and assistance administered by any such agency while such participants are en route or absent from their homes for purposes of participation in any such program.

(c) Notwithstanding the provisions of section 406(a) of Public Law 85-241, not to exceed **["\$26,000,000"]** *\$27,750,000*, of the funds available for assistance in Korea under this Act may be used by the President to construct or otherwise acquire essential living quarters, office space, and supporting facilities in Korea for use by personnel carrying out activities under this Act, and not to exceed \$2,750,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere.

(d) Funds made available under section 400(a) may be used for expenses (other than those provided for under section 411(b) of this Act) to assist in carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance.

(e) Funds available under this Act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527(c)(2) of this Act (through interchange or otherwise) at any State or local unit of government, public or private non-profit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, Eighty-fourth Congress, may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62 and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however*, That any such payments to an employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States.

[(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, a detailed explanation of the method by which the proposed programs for each country have been arrived at shall be submitted, including all significant factors considered in arriving at such proposed programs.]

(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-

by-country, under title I of chapter II, and under section 400(a) of this Act. The report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered in determining the level of aid for such country; the reason for including each such factor and an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the force objectives toward the support of which such aid is proposed to be furnished; the method by which such force objectives were arrived at and where the force objectives differ from the actual level of forces in any such country, an explanation, in detail, of the reason for the difference in such level of forces.

SEC. 541. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.

SEC. 542. STATUTES REPEALED.—(a) There are hereby repealed—

(1) an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;

(2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;

(3) the Foreign Aid Act of 1947;

(4) The Foreign Assistance Act of 1948, as amended; including the Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;

(5) the Mutual Defense Assistance Act of 1949, as amended;

(6) the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;

(7) the Far Eastern Economic Assistance Act of 1950, as amended;

(8) the Yugoslav Emergency Relief Assistance Act of 1950;

(9) the Mutual Security Act of 1951, as amended;

(10) the Mutual Security Act of 1952;

(11) the Mutual Security Act of 1953;

(12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U. S. C. 452);

(13) section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U. S. C. 165); and

(14) section 968 of title 18, United States Code.

(b) References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to acts not named in subsection (a).

SEC. 543. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110(a) (2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527(c) of this Act.

(d) Funds appropriated pursuant to provisions of this Act repealed [by the Mutual Security Act of 1956, 1957, or 1958] *subsequent to the time such funds are appropriated* shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any Act to provisions of this Act repealed or stricken out by the Mutual Security Act of 1957 or *subsequent Acts* are hereby stricken out; and references in any Act to provisions of this Act redesignated by the Mutual Security Act of 1957 or *subsequent Acts* are hereby amended to refer to the new designations. [Until June 30, 1958, funds used for the purposes of this Act shall be so used in accordance with the provisions of this Act as in effect prior to the date of enactment of the Mutual Security Act of 1958.]

SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U.S.C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided*, That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further*, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

SEC. 545. DEFINITIONS.—For the purposes of this Act—

(a) The term “commodity” includes any commodity, material, article, supply or goods.

(b) The term “surplus agricultural commodity” means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

(c) The terms “equipment” and “materials” shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would

further the purpose of chapter I or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair or rehabilitation of any equipment or materials, but shall not include merchant vessels.

(d) The term "mobilization reserve" as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

(e) The term "excess" as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under chapter I the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under chapter I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter I, all parts, accessories, or other materials used in the course

of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency. Notwithstanding the foregoing provisions of this subsection (h) and for the purpose of establishing a more equitable pricing system for transactions between the military departments and the Mutual Defense Assistance Program, the Secretary of Defense shall prescribe at the earliest practicable date, through appropriate pricing regulations of uniform applicability, that the term "value" (except in the case of excess equipment or materials) shall mean—

(1) the price of equipment or materials obtaining for similar transactions between the Armed Forces of the United States; or

(2) where there are no similar transactions within the meaning of paragraph (1), the gross cost to the United States adjusted as appropriate for condition and market value.

(i) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

(j) The term "agency administering nonmilitary assistance" shall refer to the Development Loan Fund and any agency to which authorities and functions under title I, title III, or title IV of chapter II or under chapter III of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

(k) The term "officer administering nonmilitary assistance" shall refer to the Board of Directors of the Development Loan Fund and any officer to whom authorities and functions under title I, title III, or title IV of chapter II or under chapter III of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

SEC. 546. CONSTRUCTION.—(a) If any provisions of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011).

(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

SEC. 548. UNEXPENDED BALANCES.—Unexpended balances of funds made available under authority of this Act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available beginning in fiscal year 1957 for the same general purposes under the authority of this Act.

[SEC. 549. SPECIAL PROVISIONS ON AVAILABILITY OF FUNDS.—An amount equal to 25 per centum of the funds authorized to be appropriated for any fiscal year for purposes of title III of chapter II or section 403 of this Act is authorized to be continued available for three months beyond the end of the fiscal year for which appropriated.]

FIRST SECTION OF THE DEFENSE BASE ACT, AS AMENDED (42 U.S.C. 1651)

That (a) except as herein modified, the provisions of the Longshoremen's and Harbor Workers' Compensation Act, approved March 4, 1927 (44 Stat. 1424), as amended, shall apply in respect to the injury or death of any employee engaged in any employment—

(1) at any military, air, or naval base acquired after January 1, 1940, by the United States from any foreign government; or

(2) upon any lands occupied or used by the United States for military or naval purposes in any Territory or possession outside the continental United States (including Alaska; the Philippine Islands; the United States Naval Operating Base, Guantanamo Bay, Cuba; and the Canal Zone); or

(3) upon any public work in any Territory or possession outside the continental United States (including Alaska; the Philippine Islands; the United States Naval Operating Base, Guantanamo Bay, Cuba; and the Canal Zone), if such employee is engaged in employment at such place under the contract of a contractor (or any subcontractor or subordinate subcontractor with respect to the contract of such contractor) with the United States; but nothing in this paragraph shall be construed to apply to any employee of such a contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;

(4) under a contract entered into with the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract, or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States and at places not within the areas described in subparagraphs (1), (2), and (3) of this subdivision, for the purpose of engaging in public work, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (1) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in such public work under such contract the payment of compensation and other benefits under the provisions of this Act, and (2) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;

(5) under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (A) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (B) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;

(6) outside the continental United States or in Alaska or the Canal Zone by an American employer providing welfare or similar services for the benefit of the Armed Forces pursuant to appropriate authorization by the Secretary of Defense, irrespective of the place where the injury or death occurs, and shall include any injury or death occurring to any such employee during transportation to or from his place of employment, where the employer or the United States provides the transportation or the cost thereof.

(b) As used in this section—

(1) the term “public work” means any fixed improvement or any project, whether or not fixed, involving construction, alteration, removal or repair for the public use of the United States or its allies, including but not limited to projects or operations under service contracts and projects in connection with the national defense or with war activities, dredging, harbor improvements, dams, roadways, and housing, as well as preparatory and ancillary work in connection therewith at the site or on the project;

(2) the term “allies” means any nation with which the United States is engaged in a common military effort or with which the United States has entered into a common defensive military alliance;

(3) the term “war activities” includes activities directly relating to military operations.

(c) The liability of an employer, contractor (or any subcontractor or subordinate subcontractor with respect to the contract of such contractor) under this Act shall be exclusive and in place of all other liability of such employer, contractor, subcontractor, or subordinate contractor to his employees (and their dependents) coming within the purview of this Act, under the workmen’s compensation law of any State, Territory, or other jurisdiction, irrespective of the place where the contract of hire of any such employee may have been made or entered into.

(d) As used in this section, the term "contractor" means any individual, partnership, corporation, or association, and includes any trustee, receiver, assignee, successor, or personal representative thereof, and the rights, obligations, liability, and duties of the employer under such Longshoremen's and Harbor Workers' Compensation Act shall be applicable to such contractor.

(e) The liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in public work under subparagraphs (3) and (4), subdivision (a) of this section, and the conditions set forth therein, shall become applicable to contracts and subcontracts heretofore entered into but not completed at the time of the approval of this Act, *and the liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in performance of contracts, subcontracts, or subordinate contracts specified in subparagraph (5), subdivision (a) of this section, and the conditions set forth therein, shall hereafter be applicable to the remaining terms of such contracts, subcontracts, and subordinate contracts entered into prior to June 30, 1958, but not completed on the date of the enactment of the Mutual Security Act of 1959,* and contracting officers of the United States are authorized to make such modifications and amendments of existing contracts as may be necessary to bring such contracts into conformity with the provisions of this Act. No right shall arise in any employee or his dependent under subparagraphs (3) and (4), subdivision (a) of this section, prior to two months after the approval of this Act. Upon the recommendation of the head of any department or other agency of the United States, the Secretary of Labor, in the exercise of his discretion, may waive the application of this section with respect to any contract, subcontract, or subordinate contract, work location under such contracts, or classification of employees. Upon recommendation of any employer referred to in clause (6) of subsection (a) of this section, the Secretary of Labor may waive the application of this section to any employee or class of employees of such employer, or to any place of employment of such an employee or class of employees.

(f) The liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in public work under paragraphs (1), (2), (3), and (4), subsection (a) of this section or in any work under subparagraph (5) subsection (a) of this section does not apply with respect to any person who is a prisoner of war or a protected person under the Geneva Conventions of 1949 and who is detained or utilized by the United States.

ADDITIONAL VIEWS OF MR. MEYER OF VERMONT

The committee has made some progress in redirecting the course and objectives of the Mutual Security Act. However, insufficient consideration has been given to the following points:

(1) That the loss of congressional control over the foreign aid program permits, among other things, a fatal drift toward militarism.

(2) That military deterrence as a dominating policy will neither prevent war nor achieve an honorable peace.

(3) That we cannot afford to profess a belief in high principles, democracy and the American way of life and at the same time support the opposites in any country.

(4) That the American people expect congressional actions that will fully discharge our responsibilities, duties, traditions, and ideals.

(5) That good intentions do not warrant the use of improper methods, injustice or the promotion of fear and hatred.

(6) That the waste of funds cannot be excused on the grounds of necessity or by the excuses of those who have not planned properly.

(7) That much of the information now classified is properly material that should be released to the public.

(8) That the military program should not be presented in the same bill as the economic program.

(9) That the military program should be reduced by 75 percent in three equal steps during the next 3 years, and that all allocations should be made country by country and with great care.

(10) That a "food for peace" program should be implemented under the economic program.

(11) That direct grants under the economic program should be gradually reduced and concentrated in channels that will help the people to help themselves.

(12) That increasing attention should be given to the possibilities of channeling aid through such organizations as the United Nations.

(13) That the ICA should be dissolved and that all forms of foreign aid should be more directly under the control of the Secretary of State.

(14) That if we seek to prevent war, we must develop a system of world law including methods to promote the international enforcement of justice through international courts and "police forces" rather than to rely on bilateral or regional agreements.

(15) That international systems of inspection and control leading to eventual universal mutual disarmament must be substituted for the fostering of negative antagonisms if positive solutions are to be found in a modern, technological world that requires the substitution of right and cooperation for might and competition.

WILLIAM H. MEYER.

MINORITY REPORT OF MR. PILCHER, MRS. CHURCH, MR. ADAIR, AND MR. BENTLEY

We assuredly believe in mutual security—but we do not believe that this proposed legislation, H.R. 7500, meets the challenge to build an actual system of mutual security or presents an adequately considered program to secure the peace and progress of the United States and the present troubled world.

In prior years we have expressed our strong conviction that passage of extravagant mutual security legislation is not and cannot be the answer to our basic need for peace and security. The mutual security bill for fiscal year 1960, as reported by the committee, authorizes \$3,643 million and represents a further abdication of congressional responsibility and control over the foreign aid program despite increasing and incontrovertible evidence of waste, inefficiency in administration and execution, and, in one instance at least, graft and corruption. It is increasingly apparent that the policy and the programs to be authorized by this legislation have proved in large part to be not only wanting, but, in many instances, self-defeating.

This year, despite mounting dissatisfaction and disillusionment with this program among the people of the United States, this bill continues an unremitting expenditure of Federal funds for foreign aid, not knowing what its future course, size or policies will be.

Eugene R. Black, president of the International Bank for Reconstruction and Development, in a speech made in Detroit, Mich., on April 20, 1959, had this to say about foreign aid:

I am sure there would be less confusion and debate here and abroad over the American Government's efforts to promote economic growth abroad if as much emphasis was placed on the quality of help offered as on the quantity. As it is, the two words 'foreign aid' have become so elastic that they now embrace a host of special objectives—military, political and commercial, as well as economic—so that it is often not at all clear just what is being attempted in a given instance * * *.

When * * * loans and grants are used, as they have been, to aid, abet and perpetuate policies in other countries which make economic growth virtually impossible, then we are asking for trouble. The result, as we have seen in more than one country recently, is a deterioration of the other nation's economy and a reaction, sometimes violent, against the very programs which were supposed to help * * *. These are serious weaknesses.

* * * * *

The difference between effective assistance and a "give-away" is not the difference between a loan and a grant; it is the difference between an insistence on sound financial and economic policies and no such insistence.

Again, on May 5, 1959, Mr. Black, speaking in London, England, made these remarks that are worth noting:

For instance, it has been the fashion for some time to try to use finance as an instrument of diplomacy—a method of winning or cultivating friends among nations, for the purpose of maintaining or improving international alignments in a time of world tension.

By now, I think, the limitations of this approach are plainly apparent. If the purpose of a particular offer of aid is to win gratitude, then the donor is likely to think that the act of giving or lending will of itself achieve the purpose. Whether the financing is for a project which is feasible, or whether it meets an economic need of some priority, tend to become secondary considerations; and whether the economic purpose of the financing is finally achieved tends to become more secondary still.

There are in a number of underdeveloped countries unhappy monuments to the wastefulness of this kind of approach—the great irrigation dam thrown across a valley whose soil is actually unsuited to cultivation; the steel mill able to stay in operation only with the help of high tariffs and of taxpayers' subsidies, the project ill planned, and then planned again, until its cost to the intended beneficiary has been multiplied four times or five.

Former International Cooperation Administration Director John B. Hollister, in an article in the *Saturday Evening Post* of March 28, 1959, entitled "Let's Get Tough About Foreign Aid," said:

There is, of course, powerful opposition in both Congress and the administration to this quid pro quo concept of ICA's purpose. One group, for example, is constantly attempting to divert an increasingly larger percentage of our foreign aid funds to the improvement of undeveloped parts of the world, regardless of our national interest. Because we are rich and powerful, the proponents of such a policy say, we should continue this program even if the cold war should come to an end. This is an entirely praiseworthy attitude of the majority of Americans in their private lives, but our administration, in my opinion, was not elected to act as agent for our philanthropies.

* * * * *

An especially tough kind of realism is needed in this area of ICA's activities. The United States does have a real stake in keeping as many uncommitted nations as possible from being drawn into the Communist orbit through too much dependence upon Soviet aid. We cannot permit ourselves, however, to be lured into the fool's game of trying to outbid the Russians everywhere. That way lies bankruptcy.

* * * * *

Working under these handicaps, we obviously have a great need for unity of purpose and action. We should speak with one voice around the world. Unfortunately the tendency in Washington, both in the administration and Congress, is to fragmentize the aid program.

* * * *

If appropriations for the mutual security program are not to increase steadily and if we are to have an adequate reserve for new and pressing needs for aid which will inevitably arise, we must cut down on some of our existing programs and teach our friends abroad that our assistance is an emergency measure, not a continuing subsidy.

OVEREMPHASIZED EXPENDITURE

The principal objection to this program is that the mutual security we seek has not been accomplished by the vast expenditure of billions of dollars since World War II. It is not accomplishing and is not achieving the results that were intended. The greatest amount of criticism has arisen in connection with the improper administration and the unwise use of the funds of the program. The error, failure, and, in some cases, actual corruption within the administration of the program are far greater than can be considered—as is often claimed—to be inherent in a program of this magnitude. Nevertheless, in the face of such cold facts, no attempt has been made to reappraise the tremendous expenditures on the foreign aid program, of which the effectiveness should certainly be questioned.

Though consistent requests are made for more money, the question might even be raised as to whether a sparsity of money might not actually force economy and better administration in the handling of the program. The executive branch was officially asked during the hearings what specific effect the proposed cuts would have on the entire program. No answers were ever forthcoming. From this it might perhaps be argued that failure to authorize the appropriation at this time might not be fatal to any part of the program.

It is estimated that as of June 30, 1959, there will be a total unexpended balance of \$4,871.2 million. The present bill would authorize an additional \$3,643 million. A total of \$8,534.4 million will be available for expenditure for fiscal year 1960. There must also be added a total of \$1,143.6 million in unexpended mutual security local currencies and Public Law 480 currencies administered by mutual security agencies. The wisdom of authorizing huge additional funds without stronger directives and control can certainly be questioned.

THE ENTIRE MUTUAL SECURITY ACT NEEDS RECONSIDERATION AND REVISION

The mutual security program is long overdue for review. Not since 1954 has there been any revision or any attempt to revise mutual security legislation. It is time we took a "new look" at our policy and programs. We urge a thorough study, a reappraisal, a redefining of foreign policies and statutes concerned with the goal of international peace and security.

The Marshall plan provided for rehabilitating war-torn industries in Western Europe. This proved to be a successful and beneficial operation. However, the expansion of this plan without adaptation or change to countries lacking political, commercial, and other similarities to our own system has not been equally successful. The funds

authorized and appropriated each year by the Congress are of such a magnitude that a weakening in the financial structure of our country is very noticeable. New programs of a military and economic nature are being proposed for additional countries. As a result of new and expanding programs, an increase in personnel is required. In 1949, the Economic Cooperation Administration had 3,672 employees. As of March 31, 1959, ICA personnel strength, which does not include other agencies administering mutual security funds, totals 11,424 employees. The administrative expenses are adding to the large sums required for our programs.

In view of our gross public debt of \$286.2 million, as of May 28, 1959, it is time that we reexamined the entire mutual security legislation with the purpose of reestablishing sound fiscal and foreign policies.

A REVIEW OF OUR MILITARY ASSISTANCE PROGRAM IS REQUIRED

There has been overfunding of the military assistance program to meet marginal requirements such as the provision of military equipment having no relation to the capacity of the United States or of other nations to meet major Soviet aggression. In view of this overfunding, it is apparent that the program should be critically examined.

Inefficiency in the handling of the program is in many instances shocking. The Comptroller General over the past several years has issued reports criticizing slipshod programing and faulty execution of military assistance. Numerous instances were reported where material was programed even though the material was already on hand in sufficient quantities in the recipient country or in a neighboring country in surplus quantities. In some cases spare parts have been disposed of as surplus while requisitions for the same items were concurrently being processed for delivery from the United States. It is evident that there has been an inadequate control of documents, inaccurate recordkeeping, and lags in reporting delivery.

Much of our military assistance is beyond the capacity of some of the recipient nations to utilize. In many instances, the assistance is resented by the local populations as representing an effort by the United States to interfere in the domestic policies of the nations involved. In some cases the economy of a country is depressed in favor of large military budget expenditures. A review of the annual military assistance programs would result in a revaluation of force objectives in each country and more accurate long-range program costs.

TRANSFER OF FUNDS

Transfers out of the military assistance funds have been in the aggregate amount of \$955 million. In addition to these transfers, under the provisions of the current section 451 and its predecessors, section 550 of the 1951 act, and other legal authority, \$908.4 million has been used by the economic side of the program. The transfer of \$908.4 from the military assistance funds is the result of administrative determination by the executive branch to supplement the

defense operations of the International Cooperation Administration. Consequently, from the military funds there have been transferred \$1.863 billion to be used for economic assistance.

The loss of congressional control over funding results in a loss of control over administration as well as policy. Under the proposed legislation, the funds authorized for military assistance, for special assistance, and for the contingency fund can be used for practically any purpose in almost any area of the world. Under the transferability provisions, all restrictions on the use of funds are sharply reduced.

VARIATIONS IN ESTIMATES AND ACTUAL ECONOMIC PROJECT ASSISTANCE

It was developed during the hearings that in a number of major projects for which funds were requested for prior fiscal years, the actual obligations, subobligations, and expenditures differ substantially from the original ICA estimates. In some cases estimated obligations were understated and estimated subobligations and expenditures were overstated.

The fact that estimates for subobligations and expenditures failed to be substantiated makes questionable the reliability of an important segment of the presentation on project assistance. Moreover, this failure to estimate reliably causes an increase in the financial pipeline with the result that certain implementation actions contemplated to be taken in any specific year are delayed until the next fiscal year. It is advisable that the status of such projects be reexamined before programing additional funds.

The Comptroller General, testifying before the committee, in answer to a question concerning whether, in his opinion, the ICA had too much money to provide the adequate planning and programing of these projects, said:

We have felt that the organization in the past, and I think probably at the present time, has a tremendous job to do to handle all of this money and to properly set up these projects. I think we have said that (hearings, p. 1788).

The Comptroller General had this to say on how the programs can be improved:

The agency's contention that variances in cost estimates of long-term projects are not directly related to current appropriation needs appears to us to assume that the Congress is expected to appropriate funds annually for long-term projects against current cost estimates substantially different from previous estimates, without being apprised of the differences and the reasons therefor. In our opinion, such an assumption would not be compatible with the purpose of the appropriation process. We believe that for major projects the agency should clearly set forth the financial plan, the proposed annual financing, and any significant changes in their respective amounts and relationship which have occurred since the last submission to the Congress (hearings, p. 1747).

AUTHORIZATION WAS MORE THAN REQUESTED FOR DEVELOPMENT
LOAN FUND

The sum of \$700 million was the request of the executive branch for the coming year but the committee authorized a sum of \$800 million. The additional \$100 million can hardly be justified since the Honorable C. Douglas Dillon, Under Secretary of State for Economic Affairs, testified before the committee that not more than \$700 million is needed (hearings, p. 201). How this additional hundred million will be spent, and if it will be spent wisely, is questionable.

We have always seriously questioned the composition of the Development Loan Fund and the policy of making soft loans. It has always been our fear that loans repayable in local currencies will continuously require the unnecessary and unwise expenditure of American dollars. The record to date is that 81 percent of the loans will be repaid in local currency. The revolving fund of the Development Loan Fund will consist of the local currencies that are received from the repaid loans. Any dollars received from these loans will revert to the U.S. Treasury. The fact that the Development Loan Fund is now to be rebuilt into a revolving fund through the above method will tend to remove it from congressional control.

FINANCIAL CONDITION OF THE UNITED STATES

It is time to consider the financial condition of the United States. The budgetary deficit for fiscal year 1959, which is over \$12 billion, exceeds, in time of peace, the entire expenditures of the Federal Government two decades ago. We have had 23 deficit years out of the last 28 years. Although tax revenues in the last 6 or 7 years have produced the largest Government income ever enjoyed by any nation in any period of time, we have in that period of time added some \$19 billion to the national debt and, for the first time since World War I, we have raised the debt ceiling twice in one year.

We are collecting the highest peacetime taxes ever exacted from the American citizens. Interest on the public debt is taking approximately one-tenth of all taxes collected.

It is estimated that the aggregate national debt of the United States amounts to \$286,200 million. The total national debt of all other nations in the free world is \$185,526 million; of Soviet Russia, \$50 billion; and of all Soviet bloc countries exclusive of Red China and Viet Minh, \$931 million, making a total of \$236,457 million. In other words, the national debt of the United States of \$286,200 million exceeds the total combined debts of all other countries of the free world, plus that of Russia and the Soviet bloc, by \$49,743 million.

So heavy have been the appropriations urged by the President and passed by the Congress that the Treasury Department faces a crisis today in refunding Government bonds, and rates of interest paid by the Government have risen above anything recorded since the Civil War.

The dollar is now worth 48 cents in terms of what it was worth in 1939, and the cost of food has tripled in that time. The American dollar, once the strongest and most sought after currency in the

world, is selling at a discount in some countries. U.S. generosity in providing aid in most areas of the world has created an abundance of dollars to the extent that gold is more desirable than our currency. In the face of such facts, billions of dollars are expended each year on a foreign aid program that is unrealistic and frustrating.

THE GOLD OUTFLOW

Last year the United States lost the record amount of \$2.3 billion of gold. Since the start of this year, \$346 million of U.S. held gold has been transferred to the accounts of foreign holders. The following figures regarding gold reserves in the United States indicate the financial position of this country:

	<i>Billion</i>
Dec. 31, 1957-----	\$22. 781
Dec. 31, 1958-----	20. 534
May 5, 1959-----	20. 255

Though some \$20 billion is still held in the United States, it is not, strictly speaking, entirely owned by the United States. The "free" gold supply is comparatively small. The notes and deposits of the Federal Reserve banks are required by law to be backed by 25 percent of gold, or about \$12 billion. It must also be able to redeem some \$16.6 billion in foreign time deposits in U.S. banks, foreign held U.S. Government securities, and similar claims. As of May 6, 1959, this called for a gold cover of \$11.7 billion, leaving the Treasury with only \$8.5 billion of "free" monetary gold. There is a question as to how long the United States can afford losing gold without feeling it.

Some countries have immense reserves of dollars which are being used for the purchase of gold in the United States. At the present time \$12.7 billion of the \$20.3 billions of gold in the U.S. stockpile is held by foreign claimants. This country could find itself in a severe financial squeeze if these foreign claimants demanded to be paid off in gold at once. As a result of such a demand by the claimants, the gold backing would drop to \$3.7 billion, a third of the legal requirement.

BALANCE OF TRADE

The net position of the United States in its balance of trade with the rest of the world was a chief concern of the committee during the markup of the bill. The once huge gap between exports and imports has narrowed to the extent that exports for 1958 decreased \$2.991 million from the previous year. The Department of Commerce report on the total export and import trade of the United States gives these statistics:

BALANCE OF TRADE

Excess of exports over imports, excluding military

[Millions of dollars]

1958-----	3, 486	1953-----	1, 390
1957-----	6, 477	1952-----	2, 487
1956-----	4, 718	1951-----	3, 000
1955-----	2, 910	1950-----	1, 141
1954-----	2, 640		

With U.S. foreign aid and U.S. private investment abroad still high, the United States has a \$3.3 billion a year deficit in payments. In simple terms, the total annual amounts paid out in U.S. dollars exceed total sums paid in.

When war ended in 1945, the nations of Western Europe were prostrated. U.S. aid, amounting to billions of dollars each year, helped to get the world back on its feet. As aid from our Government took hold, private enterprise moved in. The results are so startling that nations on the edge of ruin barely 10 years ago are challenging the United States for leadership in many markets of the world. Foreign merchandise coming into the United States is capturing more and more markets. The United States has spent billions of dollars to revive industries abroad and teach them mass production with the result that these reestablished industries have become our biggest competitors in a growing number of fields.

CONTRAST OF UNITED STATES AND SOVIET AID

Advocates for the continuation of the mutual security legislation assert that it is necessary because of the activities of the Soviets in this field. A comparison on the type of aid given by both countries and the accomplishments is worthwhile noting.

U.S. Government aid in the form of gifts and loans to other countries is in the sum of \$74.2 billion since 1946. Of this amount, \$59.2 billion has been in the form of outright gifts.

The CARE relief organization has donated \$6.7 billion to feed and clothe destitute people.

American businessmen have invested more than \$27 billion outside this country since the war.

This all adds up to a total of \$107.9 billion. However, U.S. purchases abroad constitute \$190 billion, making an aggregate total of \$297.9 billion.

Of the \$297.9 billion expended by the United States, approximately \$275 billion was spent to rebuild cities and industries, furnish American machinery, etc. Another \$11 billion has been used by nations receiving our aid to add to their financial reserves in gold and dollars. The remaining billions have been used for other purposes.

Over the same period of time, Soviet aid amounted to \$2.4 billion, or about one-fiftieth as much as U.S. aid. It has been reported that Russian purchases of foreign goods are considered as loans made abroad and are included in the category of Soviet aid. If the ruble is valued at the rate of four to the U.S. dollar, then we may assume by their definition of aid that Russia has made available to the outside world at the most about \$30 billion in postwar years.

To sum up, Soviet Russia's aid amounts to approximately \$30 billion while that of the United States is \$297.9 billion.

The United States has undertaken the principal burden of defense for the free world. Our allies, although strong industrially, are not assuming an equal share of the burden with the United States. While the United States is devoting more than 10 percent of its

gross national product to defense, Great Britain, for instance, is contributing only 7.5 percent of its gross national product, France 6.8 percent, and West Germany 3.4 percent.

In the U.S. News & World Report, June 1, 1959, an article, entitled "The World's Biggest Success Story," depicting our aid program raises these questions:

Can United States keep on?—The question being raised is simply this: Has the United States undertaken to do more than it can do abroad and at home without weakening its currency and its competitive position in the world? In its desire to help others has this country reached a point where it might hurt itself?

A stirring of interest in those questions is beginning to show itself in the U.S. Congress.

Success that has grown from an idea of 1948 may turn out to have been too great for America's comfort.

ENTIRE FOREIGN AID PROGRAM MUST BE REALISTICALLY REAPPRAISED

After the expenditure of approximately \$70 billion for foreign aid programs since 1945, and under circumstances and results which we have described, an additional authorization of \$3.6 billion should be made only after careful and painstaking study. To refuse to make such a study and, in fact, to pass legislation which further weakens the control of Congress over the program is a definite abrogation of congressional responsibility. Furthermore, today our foreign aid program is not the effective instrument of a carefully concerned foreign policy, directed at the global challenges facing our Nation. Further wholesale appropriation without reevaluation of the policy, program and administration constitutes on the part of Congress irresponsibility and indefensible dereliction. Tables appended illustrate the generous but costly burden borne by the American people for these programs since 1945. The continuation of such costs—and such generosity—can only be justified or voted by us if results equal the good intentions. Our careful study convinces us of failures that could have been avoided, of weakness and ineffectiveness that could and must be eliminated. In our opinion, the present authorizing legislation is a weak and inadequate answer to the vital need.

EXTENT OF UNITED STATES AID SINCE 1945

The following tables prepared by the Legislative Reference Service of the Library of Congress illustrate the cost of the foreign aid program to the American people. These tables show the distribution of U.S. grants and credits for economic and technical assistance by program and by country, but do not include military assistance figures since they are reported on a geographical basis only. Also, transactions by and with the International Bank, the International Monetary Fund, and the International Finance Corporation are not included.

TABLE I.—*Foreign grants, by program*

Postwar period, July 1, 1945, to June 30, 1958, fiscal years 1957 and 1958

[In thousands of dollars]

Programs	Postwar period	Fiscal year 1957	Fiscal year 1958
Total.....	\$57, 274, 691	\$4, 109, 498	\$4, 130, 476
Mutual Security.....	42, 524, 196	3, 859, 019	3, 889, 749
Military aid:			
Military supplies and services:			
Defense Department.....	20, 334, 455	2, 207, 823	2, 432, 841
Other departments and agencies.....	71, 122	8, 740	8, 289
Multilateral construction.....	492, 425	63, 367	67, 442
Other aid:			
From economic and technical aid appropriations.....	20, 638, 457	1, 426, 810	1, 173, 332
"Atoms for peace".....	410		410
From Public Law 480 currencies.....	91, 732	8, 328	71, 257
Famine and other relief:			
Wheat for Pakistan.....	67, 403		
Under Famine Relief Act.....	9, 375		
Under Public Law 480.....	346, 588	80, 469	86, 787
Through Chinese-Korean student aid.....	7, 429		
Through international agencies:			
Movement of migrants and refugees.....	78, 464	21, 044	17, 074
Multilateral technical aid.....	107, 738	15, 939	16, 317
Palestine relief.....	185, 722	26, 500	16, 000
U.N. Korean Reconstruction Agency.....	92, 876		
Civilian supplies:			
Civilian relief in Korea.....	444, 255	2, 675	1, 814
Government and relief in liberated and occupied areas:			
By Defense Department.....	5, 107, 394	805	827
By International Cooperation Administration.....	172, 533		
From lend-lease appropriations.....	134, 444		
International agencies:			
UNRRA.....	2, 588, 659		
For refugees.....	240, 766		
For children.....	137, 120	11, 514	9, 664
Post-UNRRA.....	298, 748		
Interim aid.....	555, 684		
Lend-lease:			
Military (China).....	679, 073		
Postwar pipelines.....	1, 227, 061		
Greek-Turkish aid:			
Military.....	530, 203		
Other.....	122, 484		
Philippine rehabilitation:			
Private claims.....	397, 540		
Surplus property.....	100, 000		
Reconstruction and rehabilitation.....	137, 035		
Donations of surplus agricultural commodities through welfare agencies.....	777, 419	165, 221	173, 234
Military equipment loans.....	390, 605	45, 597	24, 192
Chinese naval aid.....	141, 394		
Chinese military aid.....	119, 732		
Chinese stabilization.....	119, 594		
Foot and mouth disease eradication.....	93, 891		
Technical aid (other than mutual security).....	51, 378		
Inter-American and related highways.....	67, 014	15, 977	20, 961
Trust territory development and support.....	38, 564	4, 690	6, 035
Yugoslav aid.....	37, 560		
Berlin investment fund.....	12, 857		
Through American Red Cross.....	10, 435		
Libyan special purpose funds.....	17, 000	4, 000	4, 000
Reconstruction Finance Corporation.....	53		

TABLE II.—*Foreign grants, by country and program*

Postwar period: July 1, 1945, to June 30, 1958; fiscal years 1957 and 1958. Military breakdown not available by country: Aid by area at end of table

[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
Total.....	\$57, 274, 691	\$4, 109, 498	\$4, 130, 476
American Republics.....	1, 041, 404	167, 428	192, 199
Argentina.....	320	84	38
Mutual security aid.....	122	84	38
Technical aid.....	193		
Reconstruction Finance Corporation.....	5		
Bolivia.....	104, 972	23, 155	32, 046
Mutual security aid.....	73, 318	19, 855	32, 046
Urgent relief.....	25, 305	2, 590	
Agricultural commodities (welfare).....	3, 599	710	
Technical aid.....	2, 645		
Inter-American highways.....	80		
RFC.....	25		
Brazil.....	50, 301	17, 039	6, 228
Mutual security aid.....	21, 511	4, 614	4, 674
Urgent relief.....	474		
Atoms for peace.....	350		350
Lend-lease.....	3, 616		
Agricultural commodities (welfare).....	7, 821	2, 288	1, 204
Military equipment loans.....	10, 137	10, 137	
Technical aid.....	6, 050		
Inter-American highways.....	13		
RFC.....	329		
Chile.....	26, 214	2, 776	11, 773
Mutual security aid.....	12, 441	2, 131	3, 790
Urgent relief.....	194		
Agricultural commodities (welfare).....	8, 882	645	7, 983
Technical aid.....	4, 697		
Colombia.....	19, 027	3, 345	6, 203
Mutual security aid.....	7, 502	1, 189	1, 923
Urgent relief.....	68		
Lend-lease.....	11		
Agricultural commodities (welfare).....	9, 549	2, 156	4, 280
Technical aid.....	1, 879		
Inter-American highways.....	18		
Costa Rica.....	27, 586	4, 604	7, 985
Mutual security aid.....	6, 789	884	1, 157
Urgent relief.....	267		
Agricultural commodities (welfare).....	495	128	332
Technical aid.....	2, 190		
Inter-American highways.....	17, 845	3, 592	6, 496
Cuba.....	2, 808	521	571
Mutual security aid.....	2, 352	521	561
Agricultural commodities (welfare).....	10		10
Technical aid.....	446		
Dominican Republic.....	2, 595	210	163
Mutual security aid.....	2, 089	210	163
Lend-lease.....	3		
Technical aid.....	496		
Inter-American highways.....	7		
Ecuador.....	14, 591	1, 894	2, 419
Mutual security aid.....	10, 245	1, 715	2, 189
Urgent relief.....	96		
Lend-lease.....	545		
Agricultural commodities (welfare).....	637	179	230
Technical aid.....	2, 924		
Inter-American highways.....	144		

TABLE II.—*Foreign grants, by country and program*—Continued

[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
American Republics—Continued			
El Salvador.....	\$8, 193	\$1, 392	\$1, 117
Mutual security aid.....	5, 418	947	1, 060
Urgent relief.....	41		
Agricultural commodities (welfare).....	567	379	57
Technical aid.....	1, 242		
Inter-American highways.....	925	66	
Guatemala.....	67, 950	19, 040	17, 136
Mutual security aid.....	35, 586	10, 454	9, 792
Urgent relief.....	3, 344		
Lend-lease.....	1, 347		
Agricultural commodities (welfare).....	458	233	55
Technical aid.....	2, 734		
Inter-American highways.....	24, 481	8, 353	7, 289
Haiti.....	22, 627	4, 503	2, 663
Mutual security aid.....	14, 715	3, 565	2, 474
Urgent relief.....	3, 571	749	
Agricultural commodities (welfare).....	1, 163	189	189
Technical aid.....	3, 145		
Inter-American highways.....	33		
Honduras.....	11, 071	2, 255	2, 065
Mutual security aid.....	6, 538	1, 295	1, 094
Urgent relief.....	533		
Agricultural commodities (welfare).....	1, 145	472	266
Technical aid.....	722		
Inter-American highways.....	2, 133	488	705
Mexico.....	108, 664	1, 701	1, 257
Mutual security aid.....	5, 773	1, 167	821
Urgent relief.....	216	216	
Lend-lease.....	553		
Agricultural commodities (welfare).....	953	318	436
Foot-and-mouth disease eradication.....	93, 891		
Technical aid.....	7, 277		
Inter-American highways.....	1		
Nicaragua.....	18, 012	2, 410	3, 896
Mutual security aid.....	4, 787	709	756
Urgent relief.....	41		
Technical aid.....	395		
Inter-American highways.....	12, 789	1, 701	3, 140
Panama.....	20, 372	4, 179	5, 256
Mutual security aid.....	8, 550	1, 440	1, 335
Urgent relief.....	68		
Agricultural commodities (welfare).....	2, 708	962	590
Technical aid.....	559		
Inter-American highways.....	8, 487	1, 777	3, 331
Paraguay.....	13, 150	2, 028	2, 013
Mutual security aid.....	10, 093	1, 887	1, 901
Urgent relief.....	30		
Lend-lease.....	2		
Agricultural commodities (welfare).....	452	141	112
Technical aid.....	2, 571		
Inter-American highways.....	2		
Peru.....	38, 748	10, 156	8, 897
Mutual security aid.....	17, 497	3, 470	3, 612
Urgent relief.....	12, 816	6, 082	3, 756
Lend-lease.....	237		
Agricultural commodities (welfare).....	3, 537	604	1, 529
Technical aid.....	4, 605		
Intra-American highways.....	56		

TABLE II.—Foreign grants, by country and program—Continued

[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
American Republics—Continued			
Uruguay.....	\$2,707	\$259	\$260
Mutual security aid.....	1,793	259	260
Urgent relief.....	1		
Technical aid.....	903		
RFC.....	10		
Venezuela.....	2,484	133	144
Mutual security aid.....	991	133	144
Technical aid.....	1,493		
International organizations:			
Inter-American Institute for Agricultural Sciences.....	20		20
Organization of American States.....	7,534	1,365	1,173
Pan-American Sanitary Organization.....	3,500	1,500	2,000
Unspecified.....	467,955	62,879	76,876
Military supplies and services.....	452,756	61,710	75,027
Other mutual security aid.....	11,679	1,169	1,849
Technical aid.....	3,836		
Reconstruction Finance Corporation.....	1,316		
Afghanistan.....	19,651	3,376	11,999
Mutual security aid.....	14,212	3,339	6,642
Urgent relief.....	5,317		5,317
Agricultural commodities (welfare).....	104	37	40
Technical aid.....	18		
Albania: UNRRA.....	20,444		
Australia.....	12,539		
UNRRA.....	239		
Lend-lease.....	12,300		
Austria.....	1,086,815	3,084	21,653
Mutual security aid.....	734,779	1,088	3,848
Urgent relief.....	18,255		15,235
GARIOA ² (defense).....	89,318		
UNRRA.....	72,696		
Post-UNRRA.....	86,055		
Interim aid.....	68,291		
Agricultural commodities (welfare).....	17,421	1,996	2,570
Belgium-Luxembourg.....	582,937	80	82
Mutual security aid.....	522,139	38	76
Urgent relief.....	10		
UNRRA.....	1,137		
Lend-lease.....	59,480		
Agricultural commodities (welfare).....	154	42	0
American Red Cross.....	17		
Belgian Congo.....	32	14	
Mutual security aid.....	30	14	
Agricultural commodities (welfare).....	2		
Burma.....	21,799	306	537
Mutual security aid.....	21,073	74	299
Agricultural commodities (welfare).....	722	232	238
Technical aid.....	4		
Cambodia.....	122,219	40,868	39,193
Mutual security aid.....	119,844	40,846	39,183
Urgent relief.....	2,343		
Agricultural commodities (welfare).....	32	22	10
Canada: Military equipment loans (repaid).....	3,964		

¹ Credit.² GARIOA (Government relief in occupied and liberated areas).

TABLE II.—*Foreign grants, by country and program*—Continued

[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
Ceylon.....	\$20, 101	\$5, 385	\$14, 478
Mutual security aid.....	7, 168	2, 251	4, 804
Urgent relief.....	6, 903		
Agricultural commodities (welfare).....	6, 025	3, 134	2, 771
Technical aid.....	5		
China-Taiwan.....	2, 373, 339	99, 243	73, 596
Mutual security aid.....	768, 880	86, 917	55, 707
Public Law 480 currencies.....	322		322
Urgent relief.....	504		
Chinese-Korean student aid.....	7, 363		
UNRRA.....	362, 897		
Post-UNRRA.....	43, 919		
Lend-lease military.....	679, 073		
Lend-lease postwar pipelines.....	50, 345		
Agricultural commodities (welfare).....	23, 244	7, 702	5, 067
Military equipment loans.....	54, 183	4, 625	12, 500
Chinese naval aid.....	141, 394		
Chinese military aid.....	119, 732		
Chinese stabilization.....	119, 594		
American Red Cross.....	1, 889		
Czechoslovakia.....	185, 827		
Mutual security aid.....	379		
Urgent relief.....	1, 995		
UNRRA.....	183, 374		
Lend-lease.....	2		
Agricultural commodities (welfare).....	2		
American Red Cross.....	75		
Denmark.....	247, 635	1	
Mutual security aid.....	247, 631	1	
UNRRA.....	4		
Ethiopia.....	18, 950	3, 762	5, 305
Mutual security aid.....	18, 458	3, 756	5, 284
UNRRA.....	439		
Agricultural commodities (welfare).....	53	6	21
Finland.....	3, 522		
Mutual security aid.....	27		
Urgent relief.....	36		
UNRRA.....	1, 840		
Agricultural commodities (welfare).....	1, 456		
American Red Cross.....	163		
French Union.....	4, 396, 030	62, 714	629
France.....	4, 390, 774	61, 551	372
Mutual security aid.....	3, 669, 542	61, 151	141
Urgent relief.....	538		
UNRRA.....	3, 061		
Post-UNRRA.....	60		
Interim aid.....	311, 388		
Lend-lease.....	372, 441		
Agricultural commodities (welfare).....	6, 253	400	231
Military equipment loans.....	25, 345		
American Red Cross.....	2, 146		
Algeria.....	1, 123	808	213
Mutual security aid.....	186	159	27
UNRRA.....	97		
Agricultural commodities (welfare).....	835	649	186
American Red Cross.....	9		
French Equatorial Africa: Mutual security aid.....	2, 200		
French Guiana: Agricultural commodities (welfare).....	56	56	
French West Africa: Agricultural commodities (welfare).....	197	184	
French West Indies: Agricultural commodities (welfare).....	140	79	44
Madagascar: Mutual security aid.....	1, 198	1 2	
Unspecified French Africa: Mutual security aid.....	337	38	

TABLE II.—Foreign grants, by country and program—Continued

[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
Germany, East.....	\$17,342	\$21	\$3
Mutual security aid.....	16,585	21	3
Urgent relief.....	757		
Germany, Federal Republic.....	3,858,657	26,617	34,725
Mutual security aid.....	1,534,771	13,856	16,806
Urgent relief.....	5,080	1,284	306
GARIOA:			
Defense Department.....	2,033,248		
ICA.....	172,533		
UNRRA.....	3,616		
Post-UNRRA.....	2,086		
Agricultural commodities (welfare).....	86,814	11,477	9,961
Military equipment loans.....	7,652		7,652
Berlin investment fund.....	12,857		
Ghana.....	477	65	238
Mutual security aid.....	238	11	227
Agricultural commodities (welfare).....	239	54	11
Greece.....	1,739,931	39,620	20,400
Mutual security aid.....	865,186	29,230	4,775
Urgent relief.....	997		
Currencies from Public Law 480.....	7,443		1,296
UNRRA.....	279,755		
Post-UNRRA.....	37,255		
Lend-lease.....	5,956		
Greek-Turkish aid:			
Military.....	371,146		
Economic.....	122,484		
Agricultural commodities (welfare).....	45,634	10,390	10,289
Military equipment loans.....	4,040		4,040
American Red Cross.....	35		
Hungary.....	16,430	8,873	1,702
Mutual security aid.....	1,422	780	104
Urgent relief.....	12,649	8,093	1,598
UNRRA.....	2,359		
Iceland: Mutual security aid.....	29,893	79	55
India.....	310,254	47,283	54,193
Mutual security aid.....	237,629	36,140	39,819
Urgent relief.....	4,665	1,165	
Lend-lease.....	3,000		
Agricultural commodities (welfare).....	64,940	9,978	14,374
Technical aid.....	20		
Indochina.....	110,811	49	
Mutual security aid.....	110,183	49	
Urgent relief.....	446		
Agricultural commodities (welfare).....	182		
Indonesia.....	139,832	9,606	11,605
Mutual security aid.....	133,502	8,690	10,975
GARIOA (Defense).....	4,106		
Agricultural commodities (welfare).....	2,204	916	630
Technical aid.....	20		
Iran.....	251,948	49,163	14,496
Mutual security aid.....	241,608	43,551	12,033
Urgent relief.....	2,748	2,748	
Currencies under Public Law 480.....	4,472	2,235	2,237
Lend-lease.....	750		
Agricultural commodities (welfare).....	2,330	629	226
Technical aid.....	40		
Iraq.....	15,267	2,592	3,756
Mutual security aid.....	14,304	2,540	3,287
Agriculture commodities (welfare).....	963	52	469

TABLE II.—Foreign grants, by country and program—Continued

[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
Ireland.....	\$18,346		
Mutual security aid.....	18,324		
American Red Cross.....	22		
Israel.....	285,838	\$16,101	\$20,842
Mutual security aid.....	245,894	14,935	19,004
Urgent relief.....	32		
Agriculture commodities (welfare).....	39,912	1,166	1,838
Italy (including Trieste).....	2,734,023	51,002	55,817
Mutual security aid.....	1,576,338	4,338	11,584
Urgent relief.....	68,478	30,099	17,364
Civilian supplies (GARIOA).....	112,955		
Civilian supplies (lend-lease).....	134,444		
UNRRA.....	409,754		
Post-UNRRA.....	128,461		
Interim aid.....	176,006		
Agriculture commodities (welfare).....	113,701	16,565	26,869
Military equipment loans.....	14,695		
American Red Cross.....	191		
Italian Somaliland Trust Territory.....	1,736	395	998
Mutual security aid.....	1,696	395	958
Agricultural commodities (welfare).....	40		40
Japan and possessions.....	2,628,706	23,246	23,680
Japan.....	2,397,554	18,466	18,486
Mutual security aid.....	14,745	1,696	2,267
Urgent relief.....	28,438	13,699	14,092
GARIOA (Defense Department).....	2,184,569		
Post-UNRRA.....	178		
Agricultural commodities (welfare).....	10,050	3,071	2,127
Military equipment loans.....	159,574		
Ryukyu Islands.....	231,139	4,780	5,194
Mutual security aid.....	748	403	345
Urgent relief.....	3,529	1,887	1,642
Currencies under Public Law 480.....	3,265	1,093	2,172
GARIOA (Defense Department).....	222,078	805	827
Post-UNRRA.....	12		
Agricultural commodities (welfare).....	1,494	592	208
American Red Cross.....	13		
Miscellaneous islands GARIOA (Defense Department).....	13		
Jordan.....	72,921	8,843	34,888
Mutual security aid.....	68,198	8,335	34,236
Urgent relief.....	1,089		
Agricultural commodities (welfare).....	3,634	508	652
Korea.....	2,160,731	316,257	314,018
Mutual security aid.....	1,179,596	289,820	247,476
Currencies from Public Law 480.....	58,800	5,000	47,800
Urgent relief.....	869	78	
Chinese-Korean student aid.....	67		
UNRRA.....	92,876		
Civilian supplies (Defense).....	444,255	2,675	1,814
GARIOA (Defense).....	292,090		
UNKRA.....	546		
Post-UNRRA.....	72		
Agriculture commodities (welfare).....	51,348	15,972	16,928
Military equipment loans.....	40,212	2,712	
Laos.....	152,724	49,004	38,015
Mutual security aid.....	151,861	48,148	38,008
Urgent relief.....	839	839	
Agricultural commodities (welfare).....	24	17	7

TABLE II.—*Foreign grants, by country and program—Continued*

[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
Lebanon.....	\$27,727	\$4,754	\$5,717
Mutual security aid.....	25,456	4,618	5,594
Urgent relief.....	311		
Agricultural commodities (welfare).....	1,959	136	123
Technical aid.....	1		
Liberia.....	10,636	1,567	2,062
Mutual security aid.....	10,439	1,561	2,057
Agricultural commodities (welfare).....	64	6	5
Technical aid.....	133		
Libya.....	61,723	21,917	11,807
Mutual security aid.....	33,236	14,084	6,940
Urgent relief.....	9,584	3,044	
Agricultural commodities (welfare).....	1,903	789	867
Special purpose funds.....	17,000	4,000	4,000
Malaya.....	954	219	43
Mutual security aid.....	83	2	
Agricultural commodities (welfare).....	862	217	43
Technical aid.....	9		
Morocco.....	14,492	2,217	11,445
Mutual security aid.....	2,229	378	1,795
Urgent relief.....	6,781		6,767
Agricultural commodities (welfare).....	5,482	1,839	2,883
Nepal.....	10,619	1,940	4,978
Mutual security aid.....	8,443	1,940	3,011
Urgent relief.....	2,176		1,967
Netherlands Union.....	916,737	3,766	1,183
Netherlands.....	915,329	3,299	791
Mutual security aid.....	827,632	3,299	791
UNRRA.....	1,899		
Lend-lease.....	64,334		
Agricultural commodities (welfare).....	2		
Military equipment loans.....	21,340		
American Red Cross.....	122		
Netherlands New Guinea: Agricultural commodities (welfare).....	39		
Surinam.....	1,369	467	376
Mutual security aid.....	1,211	309	376
Agricultural commodities (welfare).....	158	158	
New Zealand: Lend-lease.....	2,300		
Norway.....	238,566	509	501
Mutual security aid.....	237,570	509	501
Urgent relief.....	24		
UNRRA.....	771		
Agricultural commodities (welfare).....	30		
American Red Cross.....	171		
Pakistan.....	343,436	55,715	71,473
Mutual security aid.....	190,540	49,834	44,467
Urgent relief.....	115,119		7,069
Currencies under Public Law 480.....	17,430		17,430
Agricultural commodities (welfare).....	20,336	5,881	2,507
Technical aid.....	11		
Palestine: Agricultural commodities (welfare).....	175		

TABLE II.—*Foreign grants, by country and program—Continued*

[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
Philippines.....	\$322,868	\$26,874	\$31,883
Mutual security aid.....	145,076	25,223	28,197
Urgent relief.....	484		
GARIOA.....	28,345		
UNRRA.....	7,700		
Philippine rehabilitation.....	634,575		
Agricultural commodities (welfare).....	6,622	1,651	3,686
Technical aid.....	55		
American Red Cross.....	11		
Poland.....	365,339		361
Mutual security aid.....	66		66
UNRRA.....	364,031		
Lend-lease.....	92		
Agricultural commodities (welfare).....	295		295
American Red Cross.....	855		
Portugal and possessions.....	33,435	12,052	2,756
Portugal.....	32,669	11,935	2,517
Mutual security aid.....	15,937	63	117
Urgent relief.....	68		
Agricultural commodities (welfare).....	8,849	4,057	2,400
Military equipment loans.....	7,815	7,815	
Macao.....	207	44	163
Mutual security aid.....	97	44	53
Agricultural commodities (welfare).....	110		110
Portuguese India: Agricultural commodities (welfare).....	415	53	13
Unspecified Portuguese Africa: Mutual security aid.....	144	20	63
Rhodesia and Nyasaland.....	11	6	4
Agricultural commodities (welfare).....	10	6	4
Technical aid.....	1		
Saudia Arabia.....	4,252	Cr. 3	
Mutual security aid.....	2,639	Cr. 3	
Lend-lease.....	1,591		
Technical aid.....	22		
Spain and possessions.....	343,086	124,837	101,623
Spain.....	343,020	124,837	101,573
Mutual security aid.....	255,473	87,603	81,553
Urgent relief.....	2,005	257	953
Agricultural commodities (welfare).....	65,234	16,669	19,067
Military equipment loans.....	20,308	20,308	
Canary Islands: Agricultural commodities (welfare).....	16		
Spanish Africa: Mutual security aid.....	50		50
Sudan.....	260		254
Mutual security aid.....	254		254
Agricultural commodities (welfare).....	6		
Sweden.....	87,143		
Mutual security aid.....	86,539		
Urgent relief.....	6		
UNRRA.....	549		
American Red Cross.....	49		
Switzerland: UNRRA.....	1,803		
Thailand.....	108,482	33,133	23,477
Mutual security aid.....	108,293	33,078	23,402
Agricultural commodities (welfare).....	165	55	75
Technical aid.....	24		

TABLE II.—*Foreign grants, by country and program—Continued*

[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
Trust Territory of the Pacific Islands (Carolina, Mariana, and Marshall Islands).....	\$43, 008	\$4, 690	\$6, 035
GARIOA.....	4, 444		
Development and support.....	38, 564	4, 690	6, 035
Tunisia.....	17, 713	6, 641	9, 123
Mutual security aid.....	7, 624	840	5, 152
Urgent relief.....	9, 325	5, 507	3, 818
Agricultural commodities (welfare).....	764	294	153
Turkey.....	630, 024	80, 723	39, 045
Mutual security aid.....	436, 836	79, 297	38, 876
Urgent relief.....	12, 187	884	
Greek-Turkish military aid.....	158, 575		
Agricultural commodities (welfare).....	1, 086	542	169
Military equipment loans.....	21, 340		
U.S.S.R.....	465, 434		
UNRRA.....	186, 380		
Lend-lease.....	277, 254		
American Red Cross.....	1, 800		
United Kingdom and dependencies.....	3, 821, 725	42, 034	8, 275
United Kingdom.....	3, 797, 753	33, 981	614
Mutual security aid.....	3, 447, 491	33, 967	614
Urgent relief.....	203		
UNRRA.....	8, 369		
Lend-lease.....	341, 462		
Agricultural commodities (welfare).....	179	14	
American Red Cross.....	49		
Aden: Agricultural commodities (welfare).....	11	6	5
Bahamas: Agricultural commodities (welfare).....	188	59	61
British Borneo: Agricultural commodities (welfare).....	567	150	201
British East Africa.....	3, 423	727	2, 431
Mutual security aid.....	3, 114	660	2, 279
Agricultural commodities (welfare).....	309	67	152
British Guiana.....	420	132	77
Mutual security aid.....	270	67	55
Agricultural commodities (welfare).....	150	65	22
British Honduras.....	683	125	121
Mutual security aid.....	88	35	50
Urgent relief.....	274	16	
Agricultural commodities (welfare).....	321	74	71
British Islands east of Africa: Agricultural commodities (welfare).....	4		4
British Somaliland: Mutual security aid.....	88	88	
British Virgin Islands: Agricultural commodities (welfare).....	31	15	5
Gambia: Agricultural commodities (welfare).....	130	50	46
Hong Kong.....	12, 119	4, 789	2, 735
Mutual security aid.....	2, 436	933	607
Urgent relief.....	1, 031		
Agricultural commodities (welfare).....	8, 652	3, 856	2, 128
Malta.....	2, 334	313	688
Mutual security aid.....	2		
Urgent relief.....	26		
Agricultural commodities (welfare).....	2, 306	313	688

TABLE III.—Reverse grants and returns on grants, by country—Continued

[In thousands of dollars]

Country	Postwar period	Fiscal year 1957	Fiscal year 1958
France.....	\$243,472	\$1,229	\$1,189
Germany.....	85,672	1,058	5,128
Greece.....	79,326	197	60
Iceland.....	1,777		
India.....	28,611		
Indochina (1945-54).....	6,375		
Indonesia.....	5,183	89	49
Iran.....	7,878		
Iraq.....	483	62	124
Ireland.....	910		
Israel.....	458		
Italy and Trieste.....	88,692	1,329	1,503
Japan.....	5,864	1,062	1,917
Jordan.....	63		
Korea.....	17,926		
Laos.....	29		
Netherlands.....	54,786	379	362
Norway.....	24,639	545	360
Pakistan.....	14,482	3,211	4,830
Philippines.....	5,619	821	677
Poland.....	110	110	
Portugal.....	4,211	296	420
Spain.....	155,227	54,900	52,818
Thailand.....	5,735	963	745
Turkey.....	40,648	6,556	7,262
Union of South Africa.....	92,500		
U.S.S.R.....	39,204		
United Arab Republic.....	58	58	
United Kingdom.....	531,152	599	560
Vietnam.....	4,262	2,037	
Yugoslavia.....	27,179	454	74
United Nations.....	1,247		1,247

TABLE IV.—Foreign credits utilized, by country

Postwar period; July 1, 1945, to June 30, 1958; fiscal year 1957, July 1, 1956 to June 30, 1957; fiscal year 1958, July 1, 1957 to June 30, 1958

[In thousands of dollars]

Country	Postwar period	Fiscal year 1957	Fiscal year 1958
Total.....	\$16,534,103	\$440,282	\$1,226,736
New credits.....	14,277,249	439,695	1,226,736
Prior grants converted into credits.....	2,256,854	587	
American Republics.....	1,837,405	152,809	348,939
Argentina.....	130,835		29,160
Bolivia.....	42,532	1,041	26
Brazil.....	743,767	76,550	53,302
Chile.....	171,434	4,703	44,985
Colombia.....	142,065	1,106	79,626
Costa Rica.....	10,825	2,220	3,943
Cuba.....	38,734	8,851	3,393
Ecuador.....	36,413	4,360	2,361
El Salvador.....	642	58	9
Guatemala.....	2,547	1,606	369
Haiti.....	25,517	1,410	1,012
Honduras.....	1,693	14	1,456
Mexico.....	305,761	13,695	55,177
Nicaragua.....	874	14	200
Panama.....	4,919		919
Paraguay.....	9,938	3,383	5,602
Peru.....	116,450	32,986	51,678
Uruguay.....	12,253		
Venezuela.....	19,422	166	1,678
Unspecified Latin America.....	20,784	646	14,044
Afghanistan.....	44,425	9,307	5,285
Australia.....	14,188		
Austria.....	52,599	3,143	17,821

TABLE IV.—*Foreign credits utilized, by country*—Continued

[In thousands of dollars]

Country	Postwar period	Fiscal year 1957	Fiscal year 1958
Belgium-Luxembourg and possessions.....	\$239,522		
Belgium.....	234,972		
Luxembourg.....	3,000		
Belgian Congo.....	1,550		
Burma.....	5,324		\$282
Canada.....	163,285	\$66	
Ceylon.....	1,423	1	1,421
China-Taiwan.....	281,548	16,943	17,407
Czechoslovakia.....	29,583		
Denmark.....	56,709	23	29
Ethiopia-Eritrea.....	9,499	2,400	3,700
Ethiopia.....	9,449	2,400	3,700
Eritrea.....	50		
Finland.....	140,102		14,000
French Union.....	2,480,869	1,211	9,703
France.....	2,474,231	1,211	9,614
Algeria.....	680		
French Equatorial Africa.....	4,457		88
New Caledonia.....	1,501		
Germany.....	1,348,382	918	1,796
Greece.....	167,012	2,633	26,727
Hungary.....	15,917		
Iceland.....	12,594	866	6,069
India.....	306,537	17,495	21,998
Indonesia.....	174,512	4,300	16,410
Iran.....	114,009	13,225	24,044
Iraq.....	1,222	155	177
Ireland.....	128,200		
Israel.....	226,861	18,642	38,827
Italy.....	506,404	12,550	51,736
Japan.....	916,426	101,654	199,320
Korea.....	24,928		
Lebanon.....	1,550		
Liberia.....	30,438	2,250	4,300
Libya.....	157		157
Morocco.....	37,028		18,659
Netherlands.....	436,035		
New Zealand.....	17,459	40	24
Norway.....	140,608	4	
Pakistan.....	80,171	5,762	44,437
Philippines.....	164,852	8,932	17,826
Poland.....	97,551		19,830
Portugal and Angola.....	57,158	53	3,459
Portugal.....	57,046		3,400
Angola.....	112	53	59
Rhodesia and Nyasaland.....	60,686	6,978	
Saudi Arabia.....	19,112		
Spain.....	128,902	10,039	7,404
Sweden.....	24,200		
Thailand.....	21,298	10,429	3,110
Trust Territory of the Pacific Islands.....	517	8	115
Tunisia.....	1,894		1,894
Turkey.....	203,960	15,606	34,956
Union of South Africa.....	150,316	16,029	3,250
U.S.S.R.....	222,495		
United Arab Republic.....	25,566	5,811	1,429
United Kingdom and dependencies.....	5,056,567		250,000
United Kingdom.....	5,032,428		250,000
British East Africa.....	2,394		
British Guiana.....	128		
British Honduras.....	13		
Nigeria.....	674		
West Indies Federation.....	20,930		
Vietnam.....	35,196		10,196
Yugoslavia.....	55,900		
United Nations.....	65,000		
European Coal and Steel Community.....	100,000		

TABLE V.—*Net foreign loans and other credits, by country*

Period July 1, 1940, to June 30, 1958—Utilizations, repayments, and totals outstanding on June 30, 1958

[In thousands of dollars]

Country	Net authori- zations	Utilizations	Repayments	Outstanding on June 30, 1958
Total.....	\$20,481,987	\$17,789,305	\$5,595,364	\$12,179,482
New credits.....	18,225,132	15,532,450	5,442,945	10,075,264
Prior grants converted into credits.....	2,256,854	2,256,854	152,419	2,104,218
American Republics*.....	3,103,080	2,228,701	1,072,827	1,151,353
Argentina.....	264,365	131,225	47,756	83,469
Bolivia*.....	47,042	47,042	10,947	34,173
Brazil*.....	1,174,787	839,460	394,661	444,769
Chile.....	262,213	193,901	94,774	99,127
Colombia*.....	250,858	164,500	69,076	95,395
Costa Rica.....	23,799	18,000	3,801	14,199
Cuba.....	98,600	84,412	60,657	23,754
Dominican Republic.....	3,284	3,284	3,284	.....
Ecuador*.....	50,285	41,980	13,438	28,538
El Salvador.....	1,542	1,542	1,517	26
Guatemala.....	2,699	2,547	858	1,689
Haiti.....	37,891	35,837	7,985	27,853
Honduras.....	12,321	2,588	1,146	1,442
Mexico*.....	435,451	321,528	171,813	147,157
Nicaragua.....	7,333	5,525	5,079	446
Panama.....	21,357	7,407	5,786	1,621
Paraguay.....	18,570	15,343	6,189	9,153
Peru.....	178,087	116,450	10,384	106,065
Uruguay*.....	19,338	19,338	12,122	6,508
Venezuela*.....	28,662	24,565	20,725	3,568
Unspecified.....	164,696	152,228	129,829	22,400
Afghanistan.....	51,684	44,425	.....	44,425
Australia.....	22,559	22,559	16,335	6,225
Austria.....	107,419	52,598	33,174	19,424
Bahrain.....	17,048	17,048	17,048	.....
Belgium-Luxembourg and Congo.....	239,522	239,522	108,917	130,606
Belgium.....	234,972	234,972	107,230	127,742
Luxembourg.....	3,000	3,000	136	2,864
Belgian Congo.....	1,550	1,550	1,550	.....
Burma.....	57,343	5,324	3,457	1,867
Canada.....	196,070	196,070	196,036	34
Ceylon.....	4,100	1,423	.....	1,423
China-Taiwan.....	407,858	400,051	196,218	203,831
Czechoslovakia.....	30,377	30,377	25,507	4,870
Denmark.....	56,748	56,709	11,114	45,595
Ethiopia-Eritrea.....	32,457	13,857	4,682	9,174
Ethiopia.....	32,407	13,807	4,682	9,124
Eritrea.....	50	50	.....	50
Finland.....	166,313	166,314	67,054	99,259
French Union*.....	2,530,043	2,480,868	863,241	1,613,688
France*.....	2,523,405	2,474,231	861,873	1,610,922
Algeria*.....	680	680	204	396
French Equatorial Africa*.....	4,457	4,457	1,010	2,369
New Caledonia*.....	1,501	1,501	154	.....
Germany.....	1,355,706	1,348,387	241,499	1,106,888
Greece*.....	187,799	167,012	55,354	110,149
Hungary.....	15,917	15,917	4,655	11,262
Iceland.....	22,592	13,184	1,142	12,042
India*.....	974,906	438,093	134,008	263,341
Indonesia.....	199,551	174,512	29,461	145,051
Iran.....	153,835	114,471	10,838	103,634
Iraq.....	1,380	1,222	1,008	213
Ireland.....	128,200	128,200	1,643	126,557
Israel.....	274,488	226,861	33,537	193,324
Italy.....	587,325	519,780	255,712	264,068
Japan.....	1,012,724	916,426	710,556	205,870
Korea.....	24,928	24,928	3,978	20,950
Latvia.....	11	11	11	.....
Lebanon.....	1,550	1,550	1,550	.....
Liberia.....	44,773	33,773	5,965	28,506
Libya.....	3,500	157	.....	157

TABLE V.—*Net foreign loans and other credits, by country—Continued*

[In thousands of dollars]

Country	Net authori- zations	Utilizations	Repayments	Outstanding on June 30, 1958
Morocco*	\$38,369	\$37,028	\$16,755	\$19,759
Netherlands	472,172	472,172	227,761	244,410
New Zealand	17,566	17,459	5,139	12,320
Norway*	140,835	140,835	70,218	70,529
Pakistan	166,320	80,171	25,101	93,084
Philippines	182,654	164,852	75,574	89,278
Poland	136,268	101,098	27,288	73,810
Portugal and possession*	58,512	58,494	6,988	51,475
Portugal	58,317	58,317	6,925	51,393
Angola*	195	177	64	82
Rhodesia and Nyasaland	60,686	60,686	15,363	45,323
Saudi Arabia	31,826	31,826	13,491	18,334
Spain	305,148	142,583	43,960	98,624
Sweden	28,311	28,311	9,736	18,575
Thailand	36,605	21,298	6,812	14,486
First Territory of Pacific Islands	517	517	230	287
Tunisia	3,500	1,894		1,894
Turkey*	205,300	203,960	41,865	162,051
Union of South Africa*	150,316	150,316	37,234	112,949
U.S.S.R.	222,495	222,495		222,495
United Arab Republic	25,566	25,566	18,040	7,526
United Kingdom and dependencies*	5,741,316	5,491,316	822,491	4,688,394
United Kingdom	5,716,709	5,466,709	809,688	4,657,021
British East Africa	2,394	2,394	426	1,968
British Guiana	128	128		128
British Honduras*	482	482	51	
Nigeria	674	674	674	
West Indies Federation	20,930	20,930	11,652	9,278
Vietnam	53,300	35,196		35,196
Yugoslavia*	227,700	55,900	11,839	43,793
International organizations:				
European Coal and Steel Community	100,000	100,000	2,900	97,100
United Nations headquarters loan	65,000	65,000	11,000	54,000

NOTES

1. Apparent discrepancies are due to rounding of totals.

2. Asterisks (*) denote those countries where some principal has been charged off as uncollectible. For period July 1, 1940, to June 30, 1958, this total amounted to \$14,458,000 out of total utilizations of \$17,302,055,000 or less than $\frac{1}{10}$ of 1 percent.

3. On June 30, 1958, the total unutilized from the net authorizations amounted to \$2,692,682,000 or the difference between net authorizations and utilizations. This total represents lines of credit still available till such time as the time limit expires or the authorizations are terminated.

J. L. PILCHER.
MARGUERITE STITT CHURCH.
E. ROSS ADAIR.
ALVIN M. BENTLEY.

ADDITIONAL VIEWS

The undersigned support the mutual security program wholeheartedly. It is because of our support that we feel obliged to express views differing in two important respects from those reflected in the bill or expressed in the majority report.

1. There has not been a serious lack of balance between the military and economic aspects of the program. Probably no two of us would agree exactly on what the best proportion between military and economic assistance should be in a particular country. Yet judged by the remarkable overall accomplishments of the program, it has saved the free world; we cannot go along with the suggestion that the military program has been seriously out of balance and can now be substantially reduced.

If the forces of friendly nations and allies which we have armed and supported, in the interest of our security as well as theirs, are to be kept effective, considerable modernization is going to be necessary in the years just ahead. All of our principal military officials have testified that they regard our military assistance program as part and parcel of our own defense preparations. Some have testified that appropriations for our own forces could be cut with less damage to our total defense than the appropriations for military aid to the forces of certain other countries.

We believe the recommended cut of \$160 million in military assistance and of \$85 million in defense support is unwise, especially at the very time when it appears that the Draper Committee, composed of men with distinguished backgrounds and of outstandingly patriotic service, believes the funds for military assistance should be increased rather than reduced.

2. Section 401(b)(2) of the bill directs the President to withhold assistance "under this or any other Act" to any nation which hereafter expropriates or confiscates the property of any person (defined as a "citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States") unless such nation within 6 months takes steps determined by the President to be appropriate to discharge its obligations under international law toward such person.

We object to this. It is too sweeping; it permits no discretion in its application; it is imprecise in standards; the committee made no study of its scope and implications; and it is contrary to a foreign policy expression which the committee itself is supporting in its report.

Under this paragraph the President has no authority to exercise his constitutional responsibility to conduct our international relations. A minor confiscation of property abroad, perhaps legal in that country, would require that he withhold assistance. This might be at a time and in a way that would gravely endanger our national interests.

International law is filled with cases difficult of settlement, not because the parties were obstinate, but because the law itself was unclear. The committee did not check on this important point.

This section was submitted to the committee during the closing hours of the markup of this bill. There was no testimony by responsible officials as to the possible implications of its application to our foreign policy.

Our citizens may be murdered or our planes shot down in another nation; such incidents would not require a cessation of assistance. But if an American citizen has his property confiscated, aid must cease. This opens our country to the charge of a revival of dollar diplomacy, or even worse, dollar imperialism. The committee gave some indication of its sensitivity to such charges by endorsing the statement of former Under Secretary of State James E. Webb that we—

would violate our international commitments if we intervened in the affairs of another nation in order to protect guaranteed investments, and we have no intention whatever of doing so (report, p. 47).

What would be the psychological effect abroad if section 401(b)(2) should become law?

We know that the committee's purpose in adopting this language was to improve our programs abroad. We believe it is more likely to have the opposite effect. For years, other countries have been barraged with the charge that American foreign policy is dominated by material considerations. The charge is not true. Why should the Congress hastily adopt language that would only support the accusation?

FRANCES P. BOLTON.
WALTER H. JUDD.



86TH CONGRESS
1ST SESSION

H. R. 7500

[Report No. 440]

IN THE HOUSE OF REPRESENTATIVES

JUNE 2, 1959

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

JUNE 5, 1959

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1959".

5 STATEMENT OF POLICY

6 SEC. 2. (a) Section 2 of the Mutual Security Act of
7 1954, as amended, containing a statement of policy, is
8 amended by inserting the following sentence immediately
9 before the first sentence of subsection (a) thereof: "It is the
10 sense of Congress that peace in the world increasingly de-
11 pends on wider recognition, both in principle and practice,

1 of the dignity and interdependence of man; and that the sur-
2 vival of free institutions in the United States can best be
3 assured in a worldwide atmosphere of expanded freedom.”

4 (b) Such section 2 is further amended by adding at the
5 end thereof the following:

6 “(d) It is the sense of the Congress, recognizing the
7 interdependence of the freedom and progress of liberty-
8 loving people everywhere, that the United States within
9 the limits of its other obligations has an abiding interest in
10 assisting the efforts of the people of the world to realize their
11 aspirations for improved living standards, for education, for
12 governments of their own choosing and for dignity and re-
13 spect as individual human beings.”

14 CHAPTER I—MILITARY ASSISTANCE

15 MILITARY ASSISTANCE

16 SEC. 101. Section 103 (a) of the Mutual Security Act
17 of 1954, as amended, which relates to military assistance, is
18 amended by striking out “1959” and “\$1,605,000,000” and
19 substituting “1960” and “\$1,440,000,000”, respectively.

20 LIMITATIONS ON FURNISHING OF MILITARY ASSISTANCE

21 SEC. 102. Section 105 of the Mutual Security Act of
22 1954, as amended, which relates to conditions applicable to
23 military assistance, is amended by redesignating subsec-
24 tion (b) as subsection (c), and by inserting immediately
25 after subsection (a) the following:

1 “(b) Subject to fulfilling commitments in existence on
2 June 30, 1959, no arms or weapons may be furnished to
3 any nation under this chapter on a grant basis, except where
4 the President determines that the national interest requires
5 otherwise and so reports to the Speaker of the House of
6 Representatives and the Committee on Foreign Relations
7 of the Senate, unless—

8 “(1) the arms or weapons requested by and fur-
9 nished to the recipient nation are needed to meet the
10 danger of direct Communist armed aggression or infiltra-
11 tion, or Communist subversion from within, or to per-
12 form agreed missions within collective defense arrange-
13 ments under treaties entered into with the United
14 States;

15 “(2) the arms or weapons furnished the recipient
16 nation are limited to those of a type and in amounts
17 appropriate to these needs; and

18 “(3) the defense expenditures of the recipient na-
19 tion, taking into account assistance from other sources,
20 do not overburden the economy of such nation in such
21 a way as to create internal instability, nor strain its
22 relations with its non-Communist neighboring nations
23 in such a way as to create regional instability, which
24 may overbalance the benefits of the protection provided
25 against the external danger.”

1 CHAPTER II—ECONOMIC ASSISTANCE

2 DEFENSE SUPPORT

3 SEC. 201. Section 131 (b) of the Mutual Security Act
4 of 1954, as amended, which relates to defense support, is
5 amended by striking out “1959” and “\$810,000,000” and
6 substituting “1960” and “\$750,000,000”, respectively.

7 UTILIZATION OF COUNTERPART FUNDS

8 SEC. 202. Clause (iii) of section 142 (b) of the Mutual
9 Security Act of 1954, as amended, which relates to utilization
10 of funds in Special Accounts, is amended (1) by inserting
11 immediately before the colon preceding the first proviso the
12 following: “or for the advancement of education, including
13 the establishment, expansion, or operation of schools, colleges,
14 or universities for the promotion of vocational, professional,
15 scientific, technological, or general education”, and (2) by
16 inserting immediately before the period at the end thereof
17 the following: “: *Provided further*, That whenever funds
18 from such Special Account are used by a country to make
19 loans, all funds received in repayment of such loans prior to
20 termination of assistance to such country shall be reused only
21 for such purposes as shall have been agreed to between the
22 country and the Government of the United States”.

23 DEVELOPMENT LOAN FUND

24 SEC. 203. Title II of chapter II of the Mutual Security
25 Act of 1954, as amended, which relates to the Development
26 Loan Fund, is amended as follows:

1 (a) Amend section 202 (b), which relates to general
2 authority, as follows:

3 (1) In clause (4) of the first sentence, strike out the
4 comma following the words "labor surplus" and insert in lieu
5 thereof the following: "and to the net position of the United
6 States in its balance of trade with the rest of the world,".

7 (2) Insert the following sentence immediately after the
8 second sentence: "The Fund in its operations shall recog-
9 nize that development loan assistance will be most effective
10 in those countries which show a responsiveness to the vital
11 long-term economic, political, and social concerns of their
12 people, demonstrate a clear willingness to take effective self-
13 help measures, and effectively demonstrate that such assist-
14 ance is consistent with, and makes a contribution to, work-
15 able long term economic development objectives."

16 (3) In the next to last sentence, immediately before
17 the period at the end thereof, insert the following: "nor shall
18 the fractional reserve maintained by the Development Loan
19 Fund for any guaranty made pursuant to this section be less
20 in any case than 50 percent of the face amount of such
21 guaranty".

22 (b) Amend section 203, which relates to capitalization,
23 to read as follows:

24 "SEC. 203. CAPITALIZATION.—There is hereby author-
25 ized to be appropriated to the President without fiscal year

1 limitation, for advances to the Fund after June 30, 1959,
2 not to exceed \$800,000,000."

3 (c) In section 204 (b), which relates to fiscal provi-
4 sions, strike out "(a)" in the second sentence.

5 TECHNICAL COOPERATION

6 SEC. 204. Title III of chapter II of the Mutual Security
7 Act of 1954, as amended, which relates to technical coop-
8 eration, is amended as follows:

9 (a) In section 304, which relates to authorization,
10 strike out "\$150,000,000" and "1959" and substitute
11 "\$179,500,000" and "1960", respectively.

12 (b) Amend section 306, which relates to multilateral
13 technical cooperation and related programs, as follows:

14 (1) In subsection (a), which relates to contributions
15 to the United Nations Expanded Program of Technical
16 Assistance and related fund, strike out "\$20,000,000" and
17 "1959" and substitute "\$30,000,000" and "1960", respec-
18 tively.

19 (2) In subsection (b), which relates to contributions to
20 the technical cooperation program of the Organization of
21 American States, strike out "1959" and substitute "1960".

22 (c) In section 308, which relates to the International
23 Development Advisory Board, insert "or officers" after
24 "officer" in the first sentence and strike out "to administer
25 this title" in that sentence.

SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 205. Title IV of chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is amended as follows:

(a) Amend section 400, which relates to special assistance, as follows:

(1) In subsection (a), strike out "1959" and "\$202,500,000" and substitute "1960" and "\$250,000,000", respectively.

(2) In subsection (c), insert "(1)" immediately after "specify," and immediately after "ideas and practices of the United States," insert "or (2) for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States,"; and in the last sentence of such subsection, immediately after "as amended," insert "and notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or Public Law 213, Eighty-second Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act,".

(3) Add at the end of such section 400 the following:

"(d) Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President is authorized to use foreign currencies accruing to the United States in any Latin Amer-

1 ican country under this or any other Act (other than under
2 title II of chapter II of this Act) in such amounts as may
3 be specified from time to time in appropriation Acts for
4 the purpose of making loans for land resettlement programs
5 described in clause (C) of subsection (b) of this section.”

6 (b) Insert after section 400 the following new section:

7 “SEC. 401. UNITED NATIONS EMERGENCY FORCE.—
8 The Congress of the United States, recognizing the important
9 contribution of the United Nations Emergency Force to in-
10 ternational peace and security, declares it to be the policy
11 of the United States and the purpose of this section to sup-
12 port the United Nations Emergency Force. The President
13 is hereby authorized to use during the fiscal year 1960 funds
14 made available pursuant to section 400 (a) of this Act for
15 contributions on a voluntary basis to the budget of the United
16 Nations Emergency Force.”

17 (c) In the first sentence of section 402, which relates to
18 earmarking of funds, strike out “1959” and substitute
19 “1960.”

20 (d) In section 403, which relates to responsibilities in
21 Germany, strike out “1959” and “\$8,200,000” in the first
22 sentence and substitute “1960” and “\$7,500,000”, re-
23 spectively.

24 (e) Amend section 405, which relates to migrants,
25 refugees, and escapees, as follows:

1 (1) In subsection (c), strike out "1959" and "\$1,-
2 200,000" and substitute "1960" and "\$1,100,000", re-
3 spectively.

4 (2) In subsection (d), strike out "1959" and "\$8,-
5 600,000" and substitute "1960" and "\$5,200,000", re-
6 spectively.

7 (f) In section 406, which relates to children's welfare,
8 strike out "\$11,000,000" and "1959" and substitute
9 "\$12,000,000" and "1960", respectively.

10 (g) In section 407, which relates to Palestine refugees
11 in the Near East, strike out "1959" in the first sentence and
12 substitute "1960"; and strike out the proviso in the first
13 sentence.

14 (h) In section 408 (c), which relates to the North At-
15 lantic Treaty Organization, strike out "four" and substitute
16 "five".

17 (i) In section 409 (c), which relates to ocean freight
18 charges, strike out "1959" and "\$2,100,000" and sub-
19 stitute "1960" and "\$2,300,000", respectively.

20 (j) Section 410, which relates to Control Act expenses,
21 is repealed.

22 (k) Amend section 411, which relates to administrative
23 and other expenses, as follows:

24 (1) In subsection (b), strike out "1959" and "\$33,-

1 000,000” and substitute “1960” and “\$39,500,000”, re-
2 spectively.

3 (2) In subsection (c), strike out “, not to exceed
4 \$7,000,000 in any fiscal year,”; and insert before the period
5 “, and for expenses of carrying out the objectives of the
6 Mutual Defense Assistance Control Act of 1951 (22 U.S.C.
7 1611) : *Provided*, That, in addition, funds made available
8 for carrying out chapter I of this Act shall be available for
9 carrying out the objectives of the Mutual Defense Assistance
10 Control Act of 1951 in such amounts as the President may
11 direct”.

12 (1) Amend section 413, which relates to encourage-
13 ment of free enterprise and private participation, as follows:

14 (1) In subsection (b) (4) (B) (ii), insert before the
15 semicolon “, revolution, insurrection, or civil strife arising
16 in connection with war, revolution, or insurrection”.

17 (2) In subsection (b) (4) (F), strike out “\$500,-
18 000,000” and substitute “\$1,000,000,000”.

19 (3) In subsection (c), delete the words “a study” fol-
20 lowing the words “shall conduct” and insert in lieu thereof
21 “annual studies”; insert immediately before the period at
22 the end of the first sentence the following: “, and to the
23 net position of the United States in its balance of trade with
24 the rest of the world”; and in the final sentence delete the

1 word "study" following "such" and insert in lieu thereof
2 "studies".

3 (m) In section 419 (a), which relates to atoms for
4 peace, strike out "1959" and "\$5,500,000" in the second
5 sentence and substitute "1960" and "\$6,500,000", respec-
6 tively.

7 CHAPTER III—CONTINGENCY FUND

8 SEC. 301. Section 451 (b) of the Mutual Security Act of
9 1954, as amended, which relates to the President's special
10 authority and contingency fund, is amended by striking out
11 "1959" and "\$155,000,000" in the first sentence and sub-
12 stituting "1960" and "\$100,000,000", respectively.

13 CHAPTER IV—GENERAL AND ADMINISTRATIVE

14 PROVISIONS

15 SEC. 401. Chapter IV of the Mutual Security Act of
16 1954, as amended, which relates to general and administra-
17 tive provisions, is amended as follows:

18 (a) In section 501, which relates to transferability of
19 funds, insert "(a)" immediately after "TRANSFERABILITY
20 OF FUNDS.—", and add the following new subsection at the
21 end thereof:

22 "(b) In view of the rapidly increasing danger to the
23 independence of friendly countries which is presented by the
24 trade and assistance programs of international communism,

1 and notwithstanding subsection (a) of this section and the
2 sixth sentence of section 202 (b), the President is authorized
3 to transfer to and consolidate with funds made available for
4 nonmilitary use under titles II, III, and IV of chapter II up
5 to 30 per centum of the funds made available for military
6 use under chapter I.”

7 (b) (1) Add at the end of section 502, which relates
8 to use of foreign currency, the following new subsection:

9 “(c) Notwithstanding any other provision of law, for-
10 eign currencies available to the United States for utilization
11 under this or any other Act may be utilized by the President,
12 in his discretion, for science and research, including the
13 translation of scientific books and treatises.”

14 (2) In section 503, which relates to termination of
15 assistance, insert “(a)” immediately after “TERMINATION
16 OF ASSISTANCE.—”, and add at the end thereof the
17 following:

18 “(b) In any case in which a nation shall hereafter
19 expropriate or confiscate the property of any person as
20 defined in section 413 (b) of this Act and shall fail within
21 six months of such expropriation or confiscation to take
22 steps determined by the President to be appropriate to dis-
23 charge its obligations under international law toward such

1 person, the President shall withhold assistance under this
2 Act or any other Act to such nation.”

3 (c) In section 505 (b), which relates to loan assistance
4 and sales, strike out the third sentence and substitute the
5 following: “United States dollars received in repayment of
6 principal and payment of interest on any loan made under
7 this section shall be deposited into miscellaneous receipts
8 of the Treasury. Foreign currencies received in repayment
9 of principal and payment of interest on any such loan may
10 be sold by the Secretary of the Treasury to United States
11 Government agencies for payment of their obligations abroad
12 and the United States dollars received as reimbursement shall
13 also be deposited into miscellaneous receipts of the Treasury.
14 Foreign currencies so received which are in excess of the
15 requirements of the United States in the payment of its
16 obligations abroad, as such requirements may be determined
17 from time to time by the President, shall be credited to the
18 Development Loan Fund, and, notwithstanding section 1415
19 of the Supplemental Appropriation Act, 1953, or any other
20 provision of law relating to the use of foreign currencies or
21 other receipts accruing to the United States, shall be avail-
22 able for use for purposes of title II of chapter II of this
23 Act.”.

1 (d) In section 510, which relates to purchase of com-
2 modities, delete the comma following the words “industrial
3 mobilization base” in the third sentence and insert the fol-
4 lowing: “or to the net position of the United States in its bal-
5 ance of trade with the rest of the world.”.

6 (e) In section 517, which relates to completion of plans
7 and cost estimates, delete the words “title I or” in the first
8 sentence, and insert “title I, II, or”, and add at the end
9 of such section the following: “With respect to any loan
10 made under the provisions of title II of chapter II, the
11 President, if he finds it to be in the interests of the United
12 States, may waive any provision of this section.”

13 (f) In section 523 (b), which relates to coordination
14 with foreign policy, add the following new sentence: “The
15 chief of the diplomatic mission shall make sure that recom-
16 mendations of such representatives pertaining to military
17 assistance are coordinated with political and economic con-
18 siderations, and his comments shall accompany such recom-
19 mendations.”

20 (g) Amend section 527, which relates to employment
21 of personnel, as follows:

22 (1) In subsection (b), strike out “sixty” and “thirty-
23 five” in the first sentence and substitute “sixty-five” and
24 “forty”, respectively; and add the following new sentence at
25 the end thereof: “One of the offices established by section

1 1 (d) of Reorganization Plan Numbered 7 of 1953 may
2 notwithstanding the provisions of any other law be com-
3 pensated at a rate not in excess of \$20,000 per annum."

4 (2) In subsection (c), immediately below paragraph
5 (2), insert the following: "To the maximum extent feasible,
6 personnel appointed under this Act to perform services out-
7 side the United States shall be appointed in accordance with
8 the civil service laws."

9 (h) Insert immediately after section 533 the following
10 new section:

11 "SEC. 533A. INSPECTOR GENERAL AND COMP-
12 TROLLER.—(a) There is hereby established in the Depart-
13 ment of State an office to be known as the 'Office of the
14 Inspector General and Comptroller', which shall be headed
15 by an officer designated as the 'Inspector General and Comp-
16 troller', whose salary shall be fixed at the maximum rate
17 provided by section 527 (b), and who shall be appointed
18 by and be responsible to an Under Secretary of State desig-
19 nated for such purpose by the Secretary of State. In addi-
20 tion, there shall be a Deputy Inspector General and Comp-
21 troller, whose salary shall not exceed the maximum rate
22 provided under the General Schedule of the Classification
23 Act of 1949, as amended, and such other personnel as may
24 be required to carry out the functions vested in the Inspector
25 General and Comptroller by or pursuant to this section.

1 “(b) There are hereby transferred to the Inspector
2 General and Comptroller all functions, powers, and duties
3 of the Office of Evaluation of the International Cooperation
4 Administration, and so much of the functions, powers, and
5 duties of the Office of Personnel Security and Integrity as
6 relate to investigations of improper activities in connection
7 with programs under the International Cooperation Admin-
8 istration.

9 “(c) The Inspector General and Comptroller shall have
10 the following duties:

11 “(1) Establishing a system of financial controls designed
12 to insure compliance with applicable laws and regula-
13 tions in carrying out programs under the provisions of
14 chapter I, of titles I, II, III (except section 306), and IV
15 (except sections 405, 406, 407, and 408) of chapter II and
16 of chapter III of this Act;

17 “(2) Advising and consulting with the Secretary of De-
18 fense or his delegate with respect to the controls, standards,
19 and procedures established under this section insofar as such
20 controls, standards, and procedures relate to assistance fur-
21 nished under chapter I of this Act;

22 “(3) Establishing policies and standards providing for
23 extensive internal audits of program activities under the pro-
24 visions of this Act referred to in paragraph (1);

25 “(4) Reviewing and approving internal audit programs

1 under this section, and coordinating such programs with the
2 General Accounting Office and the appropriate officials of
3 other Government departments in order to insure maximum
4 audit coverage and to avoid duplication of effort;

5 “(5) Reviewing audit findings and recommendations of
6 operating agencies and the action taken thereon, and making
7 recommendations with respect thereto to the Under Secre-
8 tary of State and other appropriate officials;

9 “(6) Conducting or requiring the conduct of such
10 special audits as in his judgment may be required in indi-
11 vidual cases, and of inspections with respect to end-item use
12 in foreign countries;

13 “(7) Prescribing a system of financial and statistical
14 reporting with respect to all programs carried out under the
15 provisions of this Act referred to in paragraph (1) ;

16 “(8) Advising the Under Secretary of State and other
17 appropriate officials on fiscal and budgetary aspects of pro-
18 posed programs under this Act;

19 “(9) Designing the form and prescribing the financial
20 and statistical content of the annual program presentation to
21 the Congress; and

22 “(10) Carrying out such other duties as may be vested
23 in him by the Under Secretary of State.

24 “(d) Expenses of the Office of the Inspector General
25 and Comptroller with respect to programs under this Act

1 shall be charged to the appropriations made to carry out
2 such programs.”

3 (i) Amend section 537, which relates to provisions on
4 uses of funds, as follows:

5 (1) In subsection (c), strike out “\$26,000,000” and
6 substitute “\$27,750,000”.

7 (2) Amend subsection (f) to read as follows:

8 “(f) During the annual presentation to the Congress of
9 requests for authorizations and appropriations under this Act,
10 there shall be submitted a detailed report on the assistance
11 to be furnished, country-by-country, under title I of chapter
12 II, and under section 400 (a), of this Act. The report with
13 respect to each country shall contain a clear and detailed
14 explanation of the proposed level of aid for such country,
15 and shall include a listing of all significant factors considered
16 in determining the level of aid for such country; the reason
17 for including each such factor and an explanation of the
18 manner in which each of such factors is related to the specific
19 dollar figure which constitutes the proposed level of aid for
20 each such country. In addition, with respect to assistance
21 proposed to be furnished under title I of chapter II of this
22 Act, the report shall contain a clear and detailed explanation
23 on a country-by-country basis of the force objectives toward
24 the support of which such aid is proposed to be furnished;
25 the method by which such force objectives were arrived at;

1 and where the force objectives differ from the actual level
2 of forces in any such country, an explanation, in detail, of
3 the reason for the difference in such level of forces.”

4 (j) In section 543 (d), which relates to saving pro-
5 visions, strike out the words between “repealed” and “shall”
6 in the first sentence and substitute “subsequent to the time
7 such funds are appropriated”; insert “or subsequent Acts”
8 after “1957” both times it appears in the second sentence;
9 and strike out the last sentence.

10 (k) Section 549, which relates to special provisions on
11 availability of funds, is repealed.

12 CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH;
13 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERA-
14 TION; AND AMENDMENTS TO OTHER LAWS

15 INTERNATIONAL COOPERATION IN HEALTH

16 SEC. 501. The Congress of the United States recognizes
17 that large areas of the world are being ravaged by diseases
18 and other health deficiencies which are causing widespread
19 suffering, debility, and death, and are seriously deterring
20 the efforts of peoples in such areas to develop their resources
21 and productive capacities and to improve their living condi-
22 tions. The Congress also recognizes that international efforts
23 are needed to assist such peoples in bringing diseases and
24 other health deficiencies under control, in preventing their
25 spread or reappearance, and in eliminating their basic causes.

1 Accordingly, the Congress affirms that it is the policy of the
2 United States to accelerate its efforts to encourage and sup-
3 port international cooperation in programs directed toward
4 the conquest of diseases and other health deficiencies.

5 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

6 SEC. 502. To enable the United States to maintain
7 membership in the Colombo Plan Council for Technical
8 Cooperation, there is hereby authorized to be appropriated
9 from time to time to the Department of State such sums as
10 may be necessary for the payment by the United States of
11 its share of the expenses of the Colombo Plan Council for
12 Technical Cooperation.

13 AMENDMENTS TO OTHER LAWS

14 SEC. 503. The Defense Base Act, as amended (42
15 U.S.C. 1651), is further amended by inserting in subsection
16 (e) of the first section, between "the approval of this
17 Act," and "and contracting officers" in the first sentence,
18 the following: "and the liability under this Act of a
19 contractor, subcontractor, or subordinate contractor engaged
20 in performance of contracts, subcontracts, or subordinate
21 contracts specified in subparagraph (5), subdivision (a) of
22 this section, and the conditions set forth therein, shall here-

1 after be applicable to the remaining terms of such contracts,
2 subcontracts, and subordinate contracts entered into prior
3 to June 30, 1958, but not completed on the date of the
4 enactment of the Mutual Security Act of 1959,".

[Report No. 440]

A BILL

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

By Mr. MORGAN

JUNE 2, 1959

Referred to the Committee on Foreign Affairs

JUNE 5, 1959

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of June 10, 1959
86th-1st, No. 95

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HIGHLIGHTS: House passed tobacco price support bill. House debated wheat bill. House Rules Committee cleared bill to extend mutual security program. Rep. Coffin submitted and discussed measure to authorize special study and investigation of farm program.

HOUSE

1. TOBACCO. Passed, 250 to 149, with amendment S. 1901, to modify price supports for tobacco (pp. 9408-22).
Agreed to, 108 to 55, an amendment by Rep. Michel to limit to \$50,000 the total amount of CCC loans or purchases made to any person on the 1960 production of tobacco. The amendment exempts cooperative marketing organizations. (pp. 9416-7)
Rejected, 65 to 123, an amendment by Rep. Hoeven to provide for a 3-year freeze on tobacco price supports at the 1958 level for the 1959, 1960, and 1961 crops (pp. 9408-16).
Rejected an amendment by Rep. Pelly to provide that no financial benefit or assistance shall accrue or be paid, directly or indirectly, under the bill to any Member of Congress or employee of the Federal Government (p. 9416).
Rejected an amendment by Rep. Michel to limit to 2 acres the Flue-cured tobacco acreage allotment for any farm in 1960 and subsequent years (pp. 9417-20)

Rejected, 138 to 260, a motion by Rep. Hoeven to recommit the bill to the Agriculture Committee with instructions to report it back with his amendment providing for a 3-year freeze on tobacco price supports (pp. 9421-22). A motion to reconsider the vote on the bill was tabled (p. 9422).

2. WHEAT. Began debate on H. R. 7246, to revise acreage allotments and price supports for wheat. pp. 9423-32

3. FOREIGN AID. The Rules Committee reported a resolution for consideration of H. R. 7500, to extend the mutual security program (pp. 9422, 9438). As reported by the Foreign Affairs Committee, this bill includes provisions as follows: Requires that at least \$175,000,000 (same amount as in last year's act) of mutual security funds be used to finance the sale for foreign currencies of surplus agricultural commodities. Authorizes \$2,300,000 (last year's appropriation was \$2,100,000) for ocean freight to move supplies donated to and by American voluntary agencies. Authorizes the President to utilize foreign currencies under this bill, or any other act, for science and research, including the translation of scientific books and treatises. Authorizes \$211,000,000 for technical cooperation programs.

Regarding the use of private trade channels in the export and sale of surplus commodities for foreign currencies, the committee report includes the following statements:

"This committee supports the objectives of avoiding direct State trading in these transactions and of keeping the commodities in private trade channels so far as practicable. However, it wishes to emphasize that economy and efficiency are to be carefully considered in determining 'practicability'. In particular, it would appear that where a transaction is essentially between two arms of the U. S. Government, the ICA and the CCC, a careful study should be made to determine whether a more advantageous form of transfer might be arranged."

4. PERSONNEL; HOLIDAYS. The Rules Committee reported a resolution for consideration of H. R. 5752, to provide for time off for Federal employees for holidays occurring on Saturdays. pp. 9422-3, 9438

5. FORESTRY. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendment H. R. 3682, to permit the processing of certain applications under the Small Tracts Act for lands included in the Caribous and Targhee National Forests. p. D460

6. RECLAMATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) the following bills: p. D460

H. R. 968, with amendment, to provide for the construction of the Bully Creek Dam and other facilities, Vale Federal reclamation project, Ore.

H. R. 804, with amendment, to authorize construction of the Spokane Valley Federal reclamation project, Wash. and Ida.

7. EMPLOYMENT; PRICES. The Government Operations Committee voted to report (but did not actually report) H. R. 6263, to amend the Employment Act of 1946 so as to provide for its more effective administration, and to bring to bear an informed public opinion upon price and wage increases which threaten economic stability. p. D460

8. INFORMATION. A subcommittee of the Education and Labor Committee voted to report to the full committee H. R. 2569 (amended and a clean bill will be introduced), to establish a 21-member Federal Advisory Council on the Arts. p. D460

CONSIDERATION OF H.R. 7500

JUNE 10, 1959.—Referred to the House Calendar and ordered to be printed

Mr. O'NEILL, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 293]

The Committee on Rules, having had under consideration House Resolution 293, reports the same to the House with the recommendation that the resolution do pass.

○

House Calendar No. 88

86TH CONGRESS
1ST SESSION

H. RES. 293

[Report No. 526]

IN THE HOUSE OF REPRESENTATIVES

JUNE 10, 1959

Mr. O'NEILL, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H.R. 7500) to
5 amend further the Mutual Security Act of 1954, as amended,
6 and for other purposes, and all points of order against said
7 bill are hereby waived. After general debate, which shall
8 be confined to the bill and continue not to exceed four hours,
9 to be equally divided and controlled by the chairman and
10 ranking minority member of the Committee on Foreign
11 Affairs, the bill shall be read for amendment under the five-
12 minute rule. At the conclusion of the consideration of the

1 bill for amendment, the Committee shall rise and report the
2 bill to the House with such amendments as may have
3 been adopted, and the previous question shall be considered
4 as ordered on the bill and amendments thereto to final pas-
5 sage without intervening motion except one motion to re-
6 commit.

House Calendar No. 88

86TH CONGRESS
1ST SESSION

H. RES. 293

[Report No. 526]

RESOLUTION

Providing for the consideration of H.R. 7500,
a bill to amend further the Mutual Security
Act of 1954, as amended, and for other pur-
poses.

By Mr. O'NEILL

JUNE 10, 1959

Referred to the House Calendar and ordered to be
printed



Digest of CONGRESSIONAL PROCEEDINGS

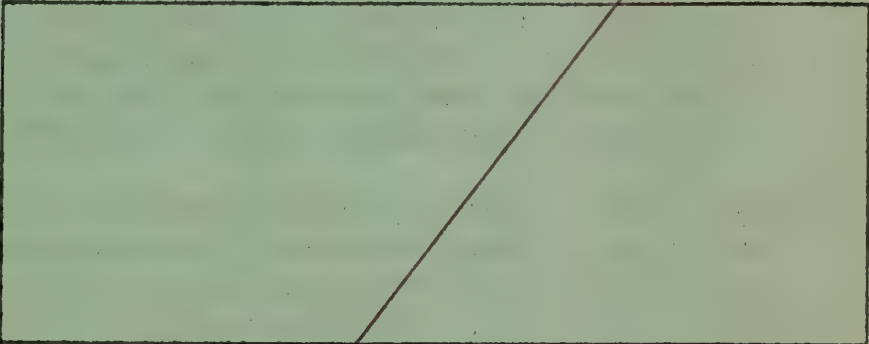
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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Issued June 16, 1959
For actions of June 15, 1959
86th-1st, No. 98



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HIGHLIGHTS: Both Houses agreed to conference report on Interior appropriation bill (includes FS). House debated mutual security authorization bill. House subcommittee voted to report bill to enact reorganization plan to transfer forest land authorities from Interior to USDA. Rep. Brock defended current interest rates on REA loans. Senate committee voted to report mutual security authorization bill. Senate subcommittee voted to report Commerce appropriation bill.

HOUSE

1. INTERIOR APPROPRIATION BILL FOR 1960. Both Houses agreed to the conference report on this bill, H. R. 5915, and acted on an amendment in disagreement (pp. 9762-5, 9773-4, 9742). This bill will now be sent to the President. See Digest 97 for a summary of Forest Service items.
2. FORESTRY. A subcommittee of the Government Operations Committee voted to report to the full committee H. R. 7681, with amendments, to enact the provisions of Reorganization Plan No. 1 of 1959 which transfers from Interior to the Forest Service certain functions relating to the exchange or sale of forest land and timber, and the disposal of certain sand, gravel, and other materials; the subcommittee also voted to report H. Res. 295, to disapprove the reorganization plan. p. D480

3. FOREIGN AID. Began debate on H. R. 7500, to extend the mutual security program (pp. 9812-37). Agreed, 277 to 93, to the Rules Committee resolution providing for consideration of the bill (p. 9828). See Digest 95 for a summary of items of interest to this Department.

The Government Operations Committee submitted a report on U. S. aid operations in Laos (H. Rept. 546). p. 9858

4. ELECTRIFICATION. Rep. Brock defended current interest rates on REA loans, criticized statements made by the Secretary regarding REA financing, and stated that "in 10 of the 23 years of REA loan operations, rural electric borrowers paid substantially more interest on their loans than the average cost of money to the Government. In seven of the remaining years, they paid rates equal to Government costs." pp. 9848-9

5. ATOMIC ENERGY. Passed, under suspension of the rules, S. 2094, to authorize appropriations for the Atomic Energy Commission, including funds for the development of atomic reactors and for the cooperative power demonstration program. H. R. 7537, a similar bill, was tabled (pp. 9801-07). The "Daily Digest" states that this bill will now be sent to the President.

6. FOREIGN TRADE; PURCHASING. Rep. Bailey, and others, spoke in favor of enactment of legislation to strengthen the so-called "Buy American Act," so as to require the Federal Government to give greater preference in purchasing to American-produced products. pp. 9842-48

SENATE

7. COMMERCE APPROPRIATION BILL FOR 1960. A subcommittee of the Appropriations Committee voted to report to the full committee with amendments this bill H. R. 7349. p. D477

8. MUTUAL SECURITY. The Foreign Relations Committee voted to report (but did not actually report) with amendments S. 1451, the mutual security authorization bill for 1960. p. D478

9. FARM PROGRAM. Sen. Carlson inserted a local Farmers Union resolution urging Congress to enact legislation to increase farm income. p. 9705

Sen. Proxmire inserted a speech of Gov. Nelson's (Wisc.) agricultural coordinator, "The Opportunity of Abundance," discussing expanded uses of our surpluses and highlighting trends and adjustments in the farm economy. pp. 9729-31

10. ELECTRIFICATION. Sen. Young, Ohio, inserted two resolutions from the American Public Power Association urging the establishment of a Northeastern Power Administration and authorization for the transmission of Niagara power. p. 9706

Sen. Langer inserted several resolutions of a local electric cooperative asking the preservation of the preference clause for non-profit cooperatives in the use of public power, the protection of the territory of the rural electric systems, opposition to increased REA interest rates, new REA legislation similar to "the Humphrey-Price bill," and support of S. Res. 48, to establish a Congressional committee on water resources, and H. R. 3460, the TVA self-financing bill. p. 9707

11. FARM LOANS. The names of Sens. Chavez, Young, N. Dak., Mundt, Bennett, Langer, Bridges, Lausche, Carlson, Goldwater, Case, S. Dak., Beall, and Capehart were added as cosponsors of S. 2144, to simplify, consolidate, and improve the authority of the Secretary of Agriculture with respect to loans to farmers and ranchers. p. 9716

U.S. AID OPERATIONS IN LAOS

SEVENTH REPORT

BY THE

COMMITTEE ON GOVERNMENT
OPERATIONS



JUNE 15, 1959.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1959

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
Washington, D.C., June 15, 1959.

HON. SAM RAYBURN,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: By direction of the Committee on Government Operations, I submit herewith the committee's 7th report to the 86th Congress. The committee's report is based on a study made by its Foreign Operations and Monetary Affairs Subcommittee.

WILLIAM L. DAWSON, *Chairman.*

III

THE END OF THE WORLD

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Union Calendar No. 207

86TH CONGRESS }
1st Session }

HOUSE OF REPRESENTATIVES }

REPORT
No. 546

U.S. AID OPERATIONS IN LAOS

JUNE 15, 1959.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

MR. DAWSON, from the Committee on Government Operations, submitted the following

SEVENTH REPORT

SUBMITTED BY THE FOREIGN OPERATIONS AND MONETARY AFFAIRS SUBCOMMITTEE

On June 10, 1959, the Committee on Government Operations had before it for consideration a report entitled, "U.S. Aid Operations in Laos."

After consideration of the report as submitted, upon motion made and seconded, the report was approved and adopted as the report of the full committee. The chairman was directed to transmit a copy to the Speaker of the House.

PREFACE

The Foreign Operations and Monetary Affairs Subcommittee is charged with the duty of examining the efficiency and economy of foreign aid operations. The subcommittee, of course, does not concern itself with the policy of the foreign aid program as announced in the Mutual Security Act passed by the Congress, but it is concerned with the manner in which the Act is administered by the Department of State, the Department of Defense, and the International Cooperation Administration (ICA).

CONCLUSIONS

1. Giving Laos more foreign aid than its economy could absorb, hindered rather than helped the accomplishment of the objectives of the Mutual Security Program.

2. Excessive *cash* grants forced money into the Lao economy at a faster rate than it possibly could be absorbed, causing:

(a) An excessive Lao Government foreign exchange reserve, reaching at one point \$40 million, equal to a year's aid.

(b) Inflation, doubling the cost of living from 1953 to 1958.

(c) Profiteering through import licenses and false invoices, which made possible the purchase of U.S. cash grant dollars for 35 kip. Those dollars could be resold in the free market for as much as 110 kip.

3. Much of the overspending is the direct result of a determination to maintain a 25,000 man Lao Army.

Determination of "force objectives" (the level or the number of troops needed for the security contemplated by the mutual security program) has always been considered a military decision for the Joint Chiefs of Staff and the Department of Defense.

In Laos, however, the decision to support a 25,000-man army with U.S. aid funds was made by the Department of State, despite contrary recommendations by the Joint Chiefs of Staff. This was a political decision in a military field. There is no evidence that it was essential to support a 25,000-man army. In fact, significant military opinion has suggested a force of 12,000 to 15,000.

4. A basic difficulty—undermining the success of the aid program in many ways and giving rise to the evils of speculation, profiteering and corruption—was the artificial, unrealistic "official" rate of exchange of 35 kip to the dollar, whereas the free market rate soared as high as 110 to \$1. It took the Department of State and ICA 4 years to overcome this difficulty.

5. The concentration of the benefits of the aid program to the area around Vientiane and other centers of population, and the enrichment of, and speculation by, Lao merchants and public officials which attended the aid program, tended to lend credence to the Communist allegation that the Royal Lao Government was "corrupt", and "indifferent" to the needs of the people.

6. Neither the first Director of the U.S. Operations Mission (USOM), Carter dePaul, nor his successor, Carl B. Robbins, showed any clear awareness of the problems that confronted the program or any expertness in meeting them. The first evaluation group that ICA/Washington sent into Laos (the Sessions group) made a report of which the main thrust was that the Director should be replaced, but this did not occur for 14 months, and then only by transfer tantamount to promotion. Robbins has stated that his mission was to "clean up the mess", but there is little indication that he did so.

7. Edward T. McNamara, public works and industry officer, accepted bribes totaling at least \$13,000 from Willis H. Bird and Gerald A. Peabody of the Universal Construction Co., in return for helping them secure lucrative contracts and overlooking deficiencies in their performance.

8. William E. Kirby, area transportation adviser, aided by dePaul's circumvention of ICA regulations, was instrumental in securing the award of a contract, for the supply of ferry barges, to the Hong Kong Transportation Co. Shortly thereafter, he was employed by its affiliate, Pacific Islands Shipbuilding Co. While the contract was being negotiated he was the recipient of \$500 from the Hong Kong Transportation Co. which has not been satisfactorily explained.

9. Brig. Gen. Lacey V. Murrow, U.S. Army (retired), head of the engineering firm of Transportation Consultants, Inc., was under retainer to Vinnell Co. at the same time that he was employed by ICA in Laos as an engineering consultant for the purpose of assisting in the selection of construction projects. During this period Vinnell Co. was seeking to obtain contracts with ICA in Laos.

10(a). General Murrow discussed frankly this employment and retainer situation with the subcommittee. However, A. S. Vinnell, president, and Frank S. McNamara, vice president, of Vinnell Co., misinformed the subcommittee under oath concerning their relationship with Murrow.

(b). After an allegation that a conflict of interest situation existed in the Vinnell-Murrow relationship ICA's Office of Personnel Security and Integrity contacted Vinnell Co. by long-distance telephone in California, and also made a single, perfunctory, fruitless inquiry in Bangkok. They received from Vinnell a denial that any contract relationship with Murrow existed for the period in question. Accurate information concerning the relationship might have been secured from Murrow's office, located only a block or two away from ICA headquarters in Washington.

11. Norman McKay, an employee of Transportation Consultants, Inc., acting as consultant to the USOM, was instrumental in securing the award to Universal Construction Co. of a contract to construct a ferry ramp in Laos. Shortly thereafter, he went to work for Universal as project manager.

12(a). Carter dePaul, former USOM director, sold his 1947 Cadillac upon his departure from Laos to Gerald A. Peabody head of Universal at an inflated price. Uncontroverted evidence indicates the vehicle was at that time inoperable, and that shortly thereafter it was cut up and the pieces dropped down an abandoned well. In the interim, it had stood rusting in front of Universal's main office, where it was the subject of scornful amusement by Laotians and Americans alike.

(b). In order to convert the proceeds of his sale to Peabody (the sales price was in kip), he presented false information to the Embassy as to the original cost of the car to him; of \$2,000 claimed, it is doubtful that more than \$1,250 can be supported.

(c). Asked to explain the false information he had submitted in his official claim, he presented misleading and conflicting testimony to the subcommittee under oath.

13. ICA/Washington was the recipient of continuing information from reliable sources—including GAO, end-use auditor Haynes Miller, contract management expert Howell, ICA auditor Edward Burns, a team from ICA's Office of Evaluation, and the Sessions group—concerning the major problems plaguing the Lao program, alleged improprieties, and suitable corrective measures. No significant remedial action was taken.

14. In the light of all the evidence available, the conclusion is inescapable that Haynes Miller was "railroaded" out of Laos because he was close to discovering the truth about Universal, its bribes, its virtual monopoly of U.S. aid construction projects in Laos, and its woefully inadequate performance. The prime mover in ousting Miller was USOM Director Carl Robbins, acting on the basis of his confidence in Edward T. McNamara and the USOM Controller, Harry Harting.

Ambassador Parsons abetted this removal and lent it the color of his name and office.

15. In the light of all the evidence available, including documentation of the Lao Government's request for the continuation of the contract, the conclusion is inescapable that the Howell group was eased out of Laos because they were insisting that the U.S. aid program be subjected to proper controls. Under proper controls, improper activities would have become much more difficult.

16. As an instance of the lack of executive ability and informed alertness of USOM Director Carl Robbins, special note should be taken that, when asked to name a deputy, he made two nominations: Edward T. McNamara and William E. Kirby.

17. A costly aid project for training, equipping, and advising the national police force of Laos, so as to provide internal security and simple law and order, has been operating for more than 3 years. Although ICA sought to convince the subcommittee otherwise, there is no evidence to contradict numerous official reports from Laos that the project's objective is not near attainment. It is fortunate that by nature the Lao seem to be a peaceable people, not inclined to criminal behavior.

18. ICA/Washington took more than 18 months to negotiate a final signed contract for highway engineering services (with Vinnell). There was a period of 4 months of *total inaction* by ICA's Area Operations Division. As a result:

(a) Control of the road program passed from ICA/Washington to USOM/Laos.

(b) Officials of the USOM assisted and encouraged the development by the Universal Construction Co. of a virtual monopoly of U.S.-financed construction projects in Laos.

(c) Universal through the bribery of McNamara and the failure of other USOM/Laos officials to perform properly, was able to secure payments totaling over \$1.6 million for performance that was inadequate and did little to enhance the economy of Laos or the prestige of the United States.

19. USOM Director Carter dePaul violated ICA contract regulations in several important respects, particularly in relation to the Universal contracts. His actions included—

(a) Writing two contracts for a single job in order to evade the rule that a USOM Director cannot write a contract for more than \$25,000 without ICA/Washington approval.

(b) Writing contracts with inadequate specifications; one contract included a provision that the contractor (Universal) was not required to complete any work under the contract.

(c) On at least one occasion completely reversing the usual order of procedure: the work was started first; the contract came next; later (with the contract already signed) invitations to bid were issued; and finally ICA/Washington authorization (which should have preceded all other steps) was obtained.

20. ICA/Washington and, in particular, its Office of Personnel Security and Integrity, have failed to investigate promptly and diligently charges of improprieties brought to their attention, even charges made by ICA's own personnel.

21. Laotian Army pay raises in 1955 and 1959 have added \$3.8 million annually to the cost of the U.S. aid program in Laos. The

1955 raise has already cost the U.S. taxpayer \$10 million to date. Justifications, if any exist for these raises, are not clear. In both cases, approval by the Department of State was given after the fact and then largely to avoid embarrassment because of unauthorized commitments made at the Mission level.

22. ICA officials have sought to excuse deficiencies and maladministration in the aid program in Laos, after they have been demonstrated, with the assertion that our aid program, however poorly administered, has saved Laos from going Communist. This assertion is purely speculative, and can be neither proved nor disproved. The subcommittee rejects the reasoning of ICA officials, and, on the evidence, believes that a lesser sum of money more efficiently administered would have been far more effective in achieving economic and political stability in Laos, and in increasing its capacity to reject Communist military aggression or political subversion.

RECOMMENDATIONS

1. That the Congress be fully informed by the Department of State as to the extent of its participation in the determination of "force objectives" and other decisions generally regarded as military in nature.

2. That the use of cash grants under the mutual security program be minimized by the International Cooperation Administration, and that, especially when dealing with so-called "underdeveloped" economies, aid be normally provided in kind (in the form of goods or services); exceptions to be made only when fully justified by unusual circumstances, and to be surrounded with every precaution to avert side effects detrimental to host country economies and the program's objectives.

3. That in the determination of the level of aid, the absorptive capacity of the local economy be considered by the Department of State and the International Cooperation Administration, in order that it may provide a limit upon the inflow of goods and dollars.

4. That the International Cooperation Administration reexamine the procedures and standards by which it obtains senior executive personnel, to the end that their quality be improved.

5. That the International Cooperation Administration improve its control mechanisms, to insure that the agency's established standards and procedures are complied with, in order that opportunities for "free wheeling" or actual corruption are minimized; and to insure further that violations of the letter or spirit of the agency's regulations and statutory authorities are discovered promptly and dealt with effectively.

6. That the Department of State reexamine its regulations relating to the conversion of currencies and sales of personal property by U. S. personnel abroad, and so revise or apply them that the possibilities for windfall profits are eliminated.

7. That the Department of State, the Department of Defense and the International Cooperation Administration reexamine and reconsider the following particular matters with respect to Laos, in order to insure that the objectives of the mutual security program and the needs of that country are well served:

- (a) the size and composition of the Armed Forces;
- (b) the pay and equipment of the Armed Forces;

- (c) the distribution of aid, as between cash grants and goods and services;
- (d) the relative emphasis given to military and economic objectives;
- (e) the village aid programs.

8. That the General Accounting Office, the Department of Justice, and the Internal Revenue Service review the facts and circumstances referred to in this report, and in the subcommittee's hearings, to determine if any action by them is required in order to protect the interests of the U.S. Government.

9. That the Congress give serious consideration to amendments proposed in this year's mutual security bill by the House Committee on Foreign Affairs, intended to improve programing procedures and control mechanisms in the mutual security program and to provide the Congress with more detailed and significant information respecting the determination of individual country levels of aid than has heretofore been available.

BASIC DEFINITIONS

During the past 10 years, nearly \$65 billion has been appropriated by the Congress, at the request of the executive branch, to defray the costs of foreign aid. The bulk of these funds has gone into what is known as mutual defense assistance—the military assistance and defense support programs under the Mutual Security Act—stated to be necessary “to protect the security of the United States and its free world partners.”¹

Military assistance involves the provision of arms and other military equipment, training, supplies and services, to “selected foreign military forces which are important to the fulfillment of U.S. national security objectives.”²

Defense support is economic aid, supplied to countries receiving U.S. military assistance, with the further statutory requirements that such military assistance be “in support of *significant*³ military forces”, and that the purpose of providing defense support be “to secure a *specific*⁴ contribution by the recipient to the common defense.”

GENERAL INTRODUCTION

The U.S. aid program in Laos began in January of 1955, concurrently with the assumption by that country of full independence. The subcommittee has examined that program in detail from its inception to the budget presentation for this year (fiscal year 1960). Our inquiry into the program in Laos began formally on April 10, 1958; however, preliminary work had begun almost a year previously (2 years ago), on June 24, 1957, in connection with a general survey of the entire aid program in southeast Asia. The inquiry culminated in 19 days of hearings on Laos, during which the subcommittee heard witnesses from the International Cooperation Administration, the

¹ Quoted from “Background for Mutual Security, Fiscal Year 1958,” p. 25.

² Quoted from “The Mutual Security Program, A Summary Presentation, Fiscal Year 1959”, p. 29.

³ Italic supplied. This word was added to the definition in fiscal year 1959 through amendment to the legislation, in order to avoid the use of defense support funds for the support of “token” forces not significant to the defense of the West.

⁴ Italic supplied. This word was added to the definition in fiscal year 1958 through amendment to the legislation, in order to avoid the expenditure of defense support funds in a country beyond those actually needed to support the military. Neither of these amendments has successfully circumscribed the free-wheeling activities of the executive branch in the use of defense support funds. See H. Rept. No. 1374, 85th Cong., 2d sess., “Use of Defense Support Funds for Economic and Political Purposes.”

Department of State, the Department of Defense, the General Accounting Office, and representatives of several private contractors who had performed work under the foreign aid program in Laos.

Laos is located in the center of the southeast Asia peninsula. It is bordered on the north by Communist China, on the northeast by Communist North Vietnam and, continuing clockwise, by South Vietnam, Cambodia, Thailand, and Burma. It has an area of about 91,000 square miles and an estimated population of 2 million. The per capita gross national product is estimated at \$50. Educational standards are low. Most Laotians live in primitive rural villages, isolated one from the other and from the central government in Vientiane (the capital) by a lack of communications facilities.

Until it became a fully independent state on January 1, 1955, Laos (together with Cambodia and Vietnam) was a part of French Indochina. Its independence followed the Geneva agreements of June 1954, which constituted a cease-fire, terminating the war in that area. The agreements contain a provision requiring Communist forces to withdraw from the two northern provinces of Laos, and another which our State Department interpreted as prohibiting the establishment of a U.S. Military Assistance Advisory Group (MAAG) in Laos. The United States was not a party to the agreements, but has chosen to abide by them.

During the fighting in Indochina, the United States had provided aid directly to the French, who had in turn controlled its distribution. It is almost impossible to determine the value of U.S. aid which went to Laos during the period 1950-54, but some estimates have placed it around \$30 million. In addition, of course, the French provided administrative services in the country and generally supported its finances.

With the advent of independence, Laos was immediately faced with the problem of raising funds to defray the costs of governmental operations. Administration and tax collection were rudimentary. Laos had and still has a generally nonmonetary economy, which makes the production of revenues difficult. Typically, the farmer in a rural village grows what he needs, or barter off his surplus with other farmers.

As a consequence, since Laos became independent, the United States has supported the total Lao military budget, and is, in fact, virtually supporting the entire economy. In round numbers, defense support assistance to Laos ran \$41 million in fiscal year 1955, \$47 million in 1956, \$43 million in 1957, and \$30 million in 1958. The bulk of this was for support of a 25,000-man army with a military budget which averaged about \$31 million a year. Military assistance—that is, the provision of military hardware—has amounted to much less, although the exact figures are classified for security reasons. The technical cooperation program has averaged about \$1½ million a year.

ESTABLISHMENT OF FORCE LEVELS AND LEVELS OF AID IN LAOS

Congress has always been told by the executive branch that “force objectives”⁵ (i.e., the number and types of troops the United States

⁵ Today a distinction is made between strategic force objectives and military assistance program force objectives, the latter being those to which the United States will contribute financially. This distinction is not applicable to Laos, however, because (1) this dual concept is recent and postdates the origin of the Laos program; (2) since the dual concept has been in effect, the strategic and military assistance program force objectives for Laos have been identical.

will support) are established on the basis of *military* judgment, specifically by a determination of the Joint Chiefs of Staff. It has been the position⁶ of the executive branch that the level of defense support is determined by the agreed-upon level of forces. The subcommittee therefore decided to examine the soundness of the so-called military judgment which is used as the basic justification for subsequent aid expenditures.

The subcommittee found that the Joint Chiefs of Staff did not establish the "force objectives" in Laos. *U.S. support of a 25,000-man army, of the entire military budget, and of segments of the civilian economy is, in fact, based on a political determination, made by the Department of State contrary to the recommendations of the Joint Chiefs of Staff.* In Laos, the only country in the world where the United States supports the military budget 100 percent, military judgments have been disregarded.

The Joint Chiefs of Staff were first requested to set force objectives for Laos in late 1954, and in November of that year advised the Secretary of Defense, "No force levels are recommended for this country."

Asked to reconsider their decision in January of 1955, the Joint Chiefs of Staff advised the Secretary of State that their views "as previously conveyed to you * * * have not changed." The Joint Chiefs of Staff memorandum continued with a statement that mutual security support of Laotian forces could not be recommended "from the military point of view," but acquiesced in the provision of such support "*should political considerations be overriding.*" [Italics supplied.]

Subsequently, the Secretary of Defense communicated this intelligence to the Secretary of State, commenting that he concurred in the views of the Joint Chiefs of Staff, "including their statement on force levels." He went on to say he also would acquiesce in such a program, however, "*for political reasons.*" [Italics supplied.]

A year later, in January of 1956, the Joint Chiefs of Staff were asked to consider a small increase in the Laotian forces. Again acquiescence was forthcoming, this time on the basis that it seemed indicated "*from a psychological, political, and morale aspect.*" [Italics supplied.] Referring to the earlier correspondence, however, the Joint Chiefs of Staff stated that "their views * * * are still valid."

As late as fiscal year 1958, Department of Defense documents continue to list the Laotian troops as being "not within force objectives."

By fiscal year 1959, executive branch papers were speaking of an additional mission for the Lao Army. Originally intended to maintain internal security, these troops were given the further mission of resistance to outside aggression.

By fiscal year 1960 (the year currently before the Congress for appropriations), executive branch documents indicate that the military program in Laos has "just grown" on the Department of Defense without any militarily justified basis. As of today, the 25,000-man force in Laos is apparently accepted by Defense without further protest.

Support of the Lao Army was complicated by State's interpretation of the Geneva Agreements of June 1954, prohibiting the

⁶ In testimony before the Senate Foreign Relations Committee on May 20, 1959, ICA Acting Director Leonard J. Saccio admitted that defense support programs in many countries go beyond what is required literally to support the defense effort. The subcommittee had documented this fact long ago, but had not previously received an official admission of its accuracy. See H. Rept. No. 1374, 85th Cong., 2d sess., "Use of Defense Support Funds for Economic and Political Purposes."

establishing of a U.S. MAAG in Laos. Lacking such a control group, the executive branch found it necessary to place the responsibility for administering the military program on the USOM, which was not experienced in such matters. It was in the early days of USOM administration of the military budget that the \$2.8 million pay raise for the Lao troops (discussed in the following section of this report) was put through. Subsequently, a special section of the USOM was staffed with personnel having some skill in military budget and logistic matters. This section is called the Programs Evaluation Office. Despite this additional staffing, however, the military program is still not well administered. It is noteworthy that the State Department's prohibition against the establishment of a MAAG in Laos was one of the key factors in the JCS determination not to recommend force objectives for that country.

ARMY PAY RAISES

It has been noted earlier in this report that the most significant single item in the U.S. aid program for Laos was the Lao military budget (defense support) accounting for about \$31 million a year. Of this total budget, \$15 million was accounted for by pay and allowances for the Lao troops.

When the subcommittee first inquired about the subject of army pay, in an effort to determine whether it was reasonable, and in line with the pay of other armies in the area, the executive branch advised that the pay scale of the Lao Army had been *inherited from the French*.

This was misleading. In fact, a pay raise amounting to \$2,800,000 a year was set by the Royal Lao Government in early 1955, shortly after the inception of the aid program, and a second pay raise costing \$1 million a year was put through in January 1959.

The Department of Defense was aware of the 1959 pay raise, and made available to the subcommittee substantial information concerning it. So far as the 1955 pay raise is concerned, however, the subcommittee is unable to determine whether the Congress was deliberately deceived or whether, as some executive branch witnesses have indicated, they were in fact unaware of this pay raise until it was brought to their attention by the subcommittee. (The subcommittee's information was obtained from executive branch documents.)

On at least two earlier occasions the executive branch had been asked by the Congress about Lao Army pay, and on each occasion an incorrect reply was made.

Ambassador J. Graham Parsons, testifying before a subcommittee of the House Appropriations Committee on June 11, 1958, stated:

The figure, of course, is based upon the salary levels, the wage levels, set by the French when they organized the army and were paying the army.

A year before, on June 4, 1957, Director John Hollister, of the ICA, had told the Senate Foreign Relations Committee:

The price of running all the armies in the Indochinese countries is way out of line, in our opinion. The difficulty is in trying to stop it. They were paid on that basis by the French.

The circumstances surrounding the 1955 pay raise are difficult to determine at this late date, and apparently no one in the executive branch was sufficiently concerned at the time to piece the story together. So far as can be determined, the 1955 raise, amounting to \$2.8 million, was put into effect by the Royal Lao Government without any consultation with U.S. aid officials. Presented with an accomplished fact, the United States simply acquiesced. At the date of this writing, this acquiescence has so far cost the U.S. taxpayer some \$10 million.

The circumstances of the 1959 pay raise are known in more detail, but there is an absence of complete agreement as to what interpretation is to be given to the known facts. The facts follow, insofar as they have been established.

On August 31, 1958, Ambassador Horace Smith cabled the Department of State a request that he had received from the Royal Lao Government: Would the United States look favorably upon a pay raise for the Lao Army?

State's answer, dated September 5, was "No." The reply also pointed out that such a raise could have an inflationary effect, just at the time when monetary reform was coming into being; it was suggested that a pay raise might be considered in the future, "after a reasonable lapse of time, if monetary reform causes price rises, which it is not expected to do."

A cable to CINCPAC⁷ dated December 10, 1958, again opens the pay raise question and recommends that it be granted, provided that the Lao Army could still stay within the established budget ceiling. CINCPAC forwarded this recommendation to Washington on December 20, 1958, with an affirmative endorsement. There was introduced into the picture at this point a suggestion which the subcommittee considers highly improper. This was the suggestion that this extra million dollars be charged against the U.S. military assistance program rather than against defense support, for which a ceiling had been established.

On January 7, 1959, a Department of State cable (approving officer, J. Graham Parsons) advised CINCPAC and the country team⁸ once again that no pay raise would be approved, citing the inflationary danger and adding that the army was "already the highest paid group in Laos".

This led to a flurry of cables, from which the following appears. *The Lao Government had already announced the pay raise*, on January 5. They had done so on the basis of statements from the Chief, Programs Evaluation Office⁹ that the pay raise would be acceptable, provided that the over-all ceiling was not exceeded.

The Chief, PEO, justifies his position on the basis that in prior years, CINCPAC approval of the military budget had been tantamount to Washington approval, and that Washington had *never before communicated either approval or disapproval directly to him*.

On January 12, 1959, State and ICA communicated to field officials their continued disapproval of the pay raise in principle, but acquiesced in it on the basis of "commitments already made".

⁷ Commander in chief, Pacific, who is the level of command intermediate between the country team and Washington.

⁸ The country team is a group of senior U.S. officials in each country, headed by the Ambassador, which joins in reviewing and submitting the annual country program to Washington.

⁹ That section of the USOM charged with administering the military budget.

Wherever the responsibility for this pay raise lies, and the exact fixing of responsibility is an almost impossible task (as in so many other phases of the foreign aid program), it is costing the U.S. taxpayer another \$1 million a year.

It is unfortunate that expenditures of this magnitude can, like the 25,000-man army itself, "just grow", almost without the conscious intention or attention of any U.S. official.

NATURE OF THE AID PROGRAM IN LAOS

Having made the decision to support a 25,000-man army in Laos, the Department of State then placed upon ICA the problem of putting some \$40 million a year into an economy that, as will be shown, could not absorb half that amount. There is no indication that this problem was ever considered before making the initial determination as to the size of the army, nor is it clear that the executive branch recognized this problem when face to face with it.

The General Accounting Office advised the Congress, in May 1958:¹⁰

The level of aid has been based principally on the cost of maintaining the Lao military forces for which the United States assumed the full burden of support. More than 85 percent of the local currency resulting from U.S. dollar aid was programed for this purpose.

The GAO continued:

The main objective of the ICA program has been to generate local currency—kip—for military support including troop pay, maintenance, housing, etc. According to ICA its established procedures for generating local currency—namely, procurement authorizations for financing the import and sale of commodities—would have been too slow in obtaining the kip necessary to meet military payments. *Also, the economy of Laos could not absorb imports in the amounts required to generate the needed kip.* For these reasons the agency considered it necessary to provide the greater part of aid in the form of cash grants * * * Approximately \$95 million—72 percent of the total dollar aid for the 3 years 1955-57—has been in cash grants. [Italics supplied.]

Replying to this criticism, ICA stated:

It is not true, as implied here, that cash grants were given because the economy of Laos could not absorb enough imports to generate the necessary kip. Cash grants were used as a means of generating local currency entirely because it was impossible to obtain, quickly enough, the amount needed by the established procedures, using procurement authorizations for financing the import of saleable commodities. At the same time a commodity import program under normal procedures was inaugurated to make a start in building up a pipeline which eventually would make it possible to reduce or eliminate cash grant operations.

¹⁰ Hearings before a subcommittee of the Committee on Foreign Affairs, May 7 and 8, 1958, pp. 2 ff.

Unfortunately, ICA's explanation ignores the facts. In addition to GAO's appraisal, ICA had been apprised in detail by *its own evaluation groups*, headed by Howell and Sessions,¹¹ that the program exceeded the absorptive powers of the Lao economy. That it did in fact exceed those powers is amply borne out by consideration of the extent to which program funds were diverted to purposes of speculation and corruption. The final item of proof, if any is required, lies in the buildup, by the Lao Government, of a dollar reserve that has gone as high as \$40 million. The reserve reached this point primarily because there was not sufficient demand for commodities to induce importers to buy foreign exchange.

Clearly, the absorption was a major problem, and ICA was aware of it. Cash grants, however, were maintained at a fairly constant level. Evidence developed by the subcommittee indicates that this derived from the same factors that led to excessive dollar reserves—lack of demand for goods, or to give it its other name, lack of absorptive capacity. The following table demonstrates the continued high level of cash grants:

Dollar funds

[In millions]

	1955	1956	1957	Total	Percent of total
Generation of local currency:					
Cash grants.....	\$28.2	\$33.7	\$32.7	\$94.6	72.2
Commodity import program.....	10.9	8.3	5.5	24.7	18.8
Project assistance.....	1.5	5.1	3.8	10.4	7.9
Administration.....	.3	.2	.9	1.4	1.1
Total.....	40.9	47.3	42.9	131.1	100.0

The bulk of U.S. aid funds in Laos was in the *defense support* category. *Project* aid will be discussed in greater detail later in the report. The *nonproject*¹² portion, discussed here, has been handled very carelessly, and in such a manner as to promote waste, inefficiency, and corruption.

Commodity imports for the civilian economy, controlled by ICA through procurement authorizations, were, as noted, only a small portion of the total nonproject program. *Cash grants*, which comprise the bulk of the program, were handled in the following manner, as described by the GAO:

Under this form of aid, U.S. Treasury dollar checks are given to the Government of Laos which in turn deposits a corresponding amount of kip in a special counterpart account from which they are withdrawn for the intended purposes. The Government of Laos borrows the required kip from the National Bank of Laos. The dollar funds serve as currency backing until they are converted into kip by sale to importers; the kip thus produced are applied to repay the borrowings.

¹¹ See below:

¹² Project aid involves the financing of specific, tangible proposals such as the construction of a dam, of a highway, or of grain storage facilities, the eradication of malaria or some other endemic disease, or the bringing of students to the United States for specialized training. Non-project aid is not related to any specific project, and in many countries constitutes a very substantial part of the aid program. In essence, it involves direct grants to recipient countries of lump sums of dollars, or commodity imports for resale to generate local currency.

It was apparently the intention, through retiring kip in this fashion as dollar reserves were used in foreign exchange transactions, to limit inflation. So unsuccessful has this system been that the cost of living in Laos doubled between 1953 and 1958.

A related problem was the existence of an artificially pegged "official" exchange rate of 35 kip to 1 U.S. dollar. Free market operations in Bangkok, Hong Kong, and elsewhere offered rates ranging as high as 110 to 1. As a result, it became profitable for merchants to speculate in foreign exchange without actually importing goods, or importing them only for transshipment to other countries; speculation superseded the serious business of importing for local consumption.

The executive branch was aware of this complex of difficulties. In response to a congressional question,¹³ "How much of our aid has been dissipated [in Laos]?" the Department of State replied:

The problem has been one of misdirection and inefficient use of aid rather than dissipation in the true sense. The basic reason for misdirection and inefficient use of aid has been the increasing disparity between the official and black market exchange rates for the kip * * *

The major irregularities in the Laos import program have been overinvoicing and diversions. In the former case, importers falsify invoices in order to obtain more foreign exchange than the amount actually necessary to pay for the imports. The difference is easily deposited to their credit in an account outside the country. Diversions occur when goods destined for Laos never get there or when after arriving in Laos they are illegally shipped out of the country. * * *

One of the major contributing factors which accounts for this unsatisfactory situation has been the *unrealistic official exchange rate* of the kip, which provides a strong incentive for these abuses and affords an opportunity for making illegal profits. This unrealistic rate of the kip is at least partially a reflection of the political instability in that part of the world. As a result there is considerable pressure on the part of those with money to get it out of the country and since this cannot be done officially, it is done largely through the import program. [Italics supplied.]

From the foregoing one may note, in addition to the problems already discussed, that excessive use of cash grants and related laxity in import controls have, in effect, led to the financing of *capital flight* by the U.S. aid program, in a country where one of the primary needs is for local investment capital.

The quotation also points up the awareness by the executive branch of the "unrealistic" rate and of its key importance as a root of difficulty. In October of 1958, the rate was finally corrected, and brought in line with its realistic valuation.

The *military assistance* program in Laos (hardware, as distinguished from the military budget support which is provided under the defense support category) has been small, considering the size of the army. It has been devoted mainly to the supplying of spare parts, fuel, ammunition, and similar maintenance items calculated to keep in

¹³ Hearings, Committee on Foreign Affairs, Mutual Security Act of 1958, pp. 566-568.

operation the equipment the Laotian Army held at the end of the Indochina conflict.

The *technical cooperation* program has also been quite small, particularly when one considers that Laos falls clearly within the category of "underdeveloped" countries. Aid activities having a direct impact on the rural villagers have been slight.

In summary, the aid program in Laos has been directed primarily to the support of the army. Benefits from commodity imports incidental to this effort were limited to relatively few Laotians (the Howell group estimated the number of "customers" at 150,000). There have been only two major projects, involving significant amounts of money, calculated to bring about basic improvement in Laos. One of these, a police project, was motivated primarily by the same desire for "political stability" that sparked the support of the army. The other was directed to the rehabilitation of the roads of the country; it was characterized by corruption, maladministration, and poor performance.

These two projects will be discussed subsequently, together with the only project ever undertaken in Laos which was calculated to have some significant impact on the average Laotian, the primitive rural villager. This was Operation Booster Shot, a "one-time" operation, in the spring of 1958. It pointed the way to an improved program in Laos, but the executive branch has failed to follow this up.

ICA INACTION ON KNOWN DEFICIENCIES

ICA/Washington had ample opportunity to become informed on the deficiencies of the program in Laos. In addition to normal administrative management channels, and communications and reports flowing through these channels, at least *six* separate sources of information relating to deficiencies in Laos have been available to ICA since the program's inception in 1955.

Howell Group.—Howell & Co., a management consulting firm, was placed under contract by ICA/Washington on October 31, 1955. Its personnel arrived in Vientiane, Laos, in December of that year. A new government was being formed, and did not come into existence until April 1956. In the interim, the Howell group compiled a "survey", forwarded to ICA on April 20, 1956 (the first meeting with the new Government had been on April 10). Thereafter, the Howell group submitted some 28 detailed monthly reports, and a final overall report on January 31, 1959.

The mission of the Howell group was to be available to the Royal Government of Laos to advise and assist its Ministers, and to train Laotian staff personnel, in foreign trade and procurement activities. In its initial survey of April 1956, the Howell group pointed out that the ICA-financed import program contemplated for Laos—over \$3 million a month—was excessive in view of a limited market, perhaps 150,000 persons with adequate purchasing power; inadequate physical facilities for moving this quantity of goods; an almost complete absence of commercial credit facilities. Prophetically, this survey reports "a probable peak figure of \$1½ to \$2 million as the largest monthly demand for merchandise." Subsequent experience bore out this estimate; much of the slack was taken up by speculative currency transactions, corruption, capital flight, and the buildup of excessive dollar reserves.

Subsequent reports of the Howell group, particularly after they were placed in a position to disapprove applications for import licenses, called attention to additional deficiencies. Howell pointed out that the projected size of the import program had no economic validity at all in terms of the commodity needs of Laos; the dollar amount of this program had been arrived at simply by computing the kip deficit of the Lao Government's budget and dividing by 35 to get the dollar equivalent.

Howell pointed out that even when the lists of eligible imports had been expanded to include almost every type of commodity that it was possible to sell in Laos, the monthly import total was still well under \$2 million.

Howell also pointed out that even with the tremendous program that the United States had set up for Laos, some of these difficulties could be obviated if more of the support of the army were given in kind rather than in cash. He computed that for the first 3 years of the program support to the army could have been in kind in the amounts, respectively, of \$17 million, \$12 million, and \$4 million. Despite the setting up of a board to pass on import licenses in an effort to tighten controls, it was still possible in August and September of 1957 for a Laotian Minister to issue \$14 million worth of licenses by completely bypassing the board.

Howell's tenacity in bringing embarrassing facts to the attention of the mission did not enhance his popularity.

The Council of Ministers of the Royal Lao Government, on January 14, 1958, in a communication transmitted officially through the U.S. Ambassador, requested the continued services of the Howell group. ICA/Washington, however, decided that no funds were available for this purpose. Their contract was not renewed.

Sessions Report.—In the spring of 1956, a special study group was sent from Washington to southeast Asia, composed of representatives of ICA and the Departments of State and Defense (known as the Sessions group, after its Chairman, Edson O. Sessions). Its report was presented to the Director of ICA on May 24, 1956, and covered aid programs in Laos and Cambodia.

As the report applied to Laos, its most significant findings were these: "The logistical situation is critical"; "an adequate, competent staff must be supplied USOM/Laos"; "the time has come to put the Laos aid program on a sound basis and reduce the U.S. aid level"; "in the event of a settlement with the Pathet Lao a substantial reduction in the Lao Army will be possible, and an immediate reduction in the U.S. aid level".

With more specific reference to this question of reducing the aid level, the report points out that the Lao Government itself "is opposed to the flooding of the Lao market with imports". The report suggests, because of the limited absorptive capacity of the economy, that imports be reduced; "a dollar commercial import requirement of \$15 million (annually) appears to be on the generous side." This was substantially in accord with the findings of the Howell group.

Seeking key points in the program requiring correction, the Sessions group further commented—

The principal organizational weakness in USOM is its *lack of adequate direction*. Even if all the technicians and all the commodities contemplated in this program should be avail-

able, without firm direction and sympathetic interest from the mission director, the program will flounder. The staff is estranged from USOM leadership and feels a lack of adequate policy direction and guidance. [Italics supplied.]

The mission director at that time was Carter dePaul. He was not replaced until July 22, 1957, some 14 months later, and was then assigned by ICA to be Deputy Assistant to the Director on matters concerning the National Security Council, the Operations Coordinating Board, and the Committee on Foreign Economic Policy.

Miller Reports.—Haynes Miller was an ICA end-use auditor assigned to Laos. His job was to check on the actual use being made of commodities, equipment, and funds being provided under the aid program, and to report to his superiors any information that came to his attention indicating maladministration, misuse, dishonesty, or similar matters. Mr. Miller testified that certain USOM officials had sought to suppress his reports.

So far as the subcommittee has been able to determine, he was the first to question the adequacy of the Universal Construction Co. contracts and the company's performance thereunder. His "End-Use Investigation Report No. 12," dated August 16, 1957, covering \$1.7 million of roadbuilding equipment paid for by ICA and used by Universal under its roadbuilding and maintenance contracts with the Lao Government, is severely critical of the manner in which the equipment had been abused. Miller concluded that 94 percent of the equipment examined by him (which comprised slightly over one-third of the total equipment available) was unsatisfactory in condition, or use, or both. His findings were confirmed, in the course of the Burns audit,¹⁴ by Robert Johnson, of the U.S. Bureau of Public Roads, who accompanied Burns. Johnson stated that at the time of Miller's inquiry "43 percent of the equipment was actually deadlined or in poor condition," and that only one-third of the total equipment was in good condition. At the time of his own survey, he states, "the inoperable or should-be-deadlined equipment is about 57 percent of the total." Johnson concluded that putting back in running order that equipment which could be repaired would cost about \$400,000.

In forwarding Miller's report to Mr. Carl Robbins (then USOM Director), under date of September 11, 1957, Mr. Harry Harting, USOM Controller, stated:

The report is very long but no attempt has been made to edit it in view of the ultimatum delivered by Mr. Miller a short time ago to effect that "any changes will make the report the report of the person making the changes" and that "if the report is changed in any particular it will result in my resignation." Also, since Mr. Miller has already submitted his resignation, I see no point in entering into a long controversy over this report.

In spite of its length, however, it is recommended that the report be read in its entirety since it clearly reveals some of the crosscurrents at play in the mission, particularly as they are affected by this and other Universal contracts.

¹⁴ See below.

The report does reveal a bad state of affairs. There appears to be little, if any, doubt that this equipment has been misused and abused.

Certainly this quotation from Mr. Harting's transmittal letter lends support to the testimony of Mr. Miller that efforts were made by Harting and his deputy, Mr. Norman A. Kotz, to suppress the report and that it was finally released only after his expressed intention to bring the matter to the attention of ICA/Washington.

Mr. Miller's End-Use Report No. 13, dated August 26, 1957, covers analysis of three contracts with Universal Construction Co. The first was with the USOM, for clearing land and grading; the second was also with the USOM, for construction of a ferry ramp; the third was with the Lao Government, for rehabilitation of roads.

Miller was pulled off this investigation, by the Controller, before he had completed it. This followed an attempt by Miller to examine pertinent records of the Universal Construction Co., in the course of which Mr. Gerald Peabody of that firm became quite heated and threatened to "have Miller fired." The report points out deficiencies in the contractor's performance under these contracts, excessive costs, and the participation of Edward T. McNamara in awarding the ferry ramp contract.

Upon leaving the USOM, Miller submitted a further report to Director Robbins, covering Universal's performance on the road job, a document dated September 6, 1957. Among further elements of deficiency pointed out in this report are: the absence of specifications in the contract controlling the work to be done; and that the contract was "negotiated privately" between certain Lao officials and Peabody, and "insistently recommended to the Royal Government of Laos by Mr. McNamara, chief of the mission's public works and industry division."

So far as the subcommittee has been able to determine, this report was never forwarded to ICA/Washington by the USOM/Laos. A copy was provided in Washington by Miller after his return; otherwise Washington might never have been apprised of the findings and charges contained therein.

General Accounting Office Audits.—In the spring of 1957, GAO auditors visited the Indochinese countries (but not Laos) and prepared a report of their findings. A preliminary report on Laos was also prepared, based at that time solely on an examination of files available in ICA/Washington relating to the program. This report was submitted to ICA, for its comments, on July 30, 1957. ICA did not submit the requested comments until January 9, 1958, 2 days after a GAO-State-ICA meeting discussed below, at which further "delay" was requested.

This is especially noteworthy, in that draft comments on the GAO report had been prepared within ICA's Far East Division on September 18, 1957, *almost 4 months before*.

The original GAO submission had requested ICA's comments prior to September 6, 1957. On November 22, 1957, GAO wrote to ICA suggesting that the deadline had passed and that prompt action was required. ICA deigned to reply—to this letter, not to the original request for comment—on November 26, 1957, promising the comments by the first week in December.

On December 27, 1957, the comments *still not forthcoming*, GAO sent ICA another letter, with the clear implication that unless the comments were received without further delay, the report would be submitted to the Congress without them. This jarred the comments loose, and they were received by GAO on January 9, 1958.

In the interim, GAO had decided that a field audit in Laos, to supplement the examination of records in Washington, was desirable. State and ICA requested a meeting to discuss this matter, and such a meeting was held on January 7, 1958. State and ICA have taken the position that their request, at this meeting, for a delay in commencing the audit was based upon a desire to avoid embarrassment at certain meetings then projected in Washington with Laotian officials. This may be, but the subcommittee has received, in executive session, information leading it to conclude that this was coupled with another motivation—to avoid publication of the GAO report until after Congress had voted out the year's foreign aid funds. Whether this was the major goal or not, this was the practical effect, since the final GAO report did not reach the Congress until October.

GAO did offer some testimony, based on a first draft of their field report, before a subcommittee of the Committee on Foreign Affairs, on May 7, 1958. It should be noted, however, that the authorization bill was passed by the House 7 days later, on May 14. The hearings of the subcommittee were not published until May 12, so Members of Congress had no real opportunity to familiarize themselves with its contents.

This pressure of time need not have resulted, if State and ICA had not induced GAO to delay commencement of the field audit. Whatever the *reasons* advanced for this delay, the *effect* in practical terms is clear. Known deficiencies were concealed for a time from the Congress.

One of the points advanced by State and ICA in requesting GAO delay was that they were already aware of all the deficiencies in the Laos program, so GAO could tell them nothing new. In the face of this bald statement, it is natural to ask why, then, they had not done something to correct them.

ICA's Office of Evaluation Report.—ICA maintains a special office, whose functions are to evaluate the effectiveness of the foreign aid program, and to make recommendations for improvement. This Office is responsible to the Director personally, according to ICA, and its reports are addressed to him. He can, and does, make these reports available throughout the executive branch as he sees fit. He has refused, however, to make them available to the Congress. Consequently, this subcommittee is unable to say what the evaluation team found in Laos, during a study conducted from October 11 to December 15, 1957. Its report, however, with whatever deficiencies it may have noted and recommendations it may have made, has been available in ICA/Washington for over 18 months at this writing.

Burns Audit.—ICA maintains an audit staff, which makes audits of ICA operations with some frequency, on a routine basis or as a result of some particular stimulus. ICA auditor Edward Burns, accompanied by a road construction expert from the U.S. Bureau of Public Roads, conducted an audit in Laos from June 1 to July 14, 1958; his final audit report was issued on November 14, 1958.

It is noteworthy that, despite the information available in ICA/ Washington as a result of the foregoing reports, no official agency audit was launched until *after* this subcommittee had begun its formal inquiry (April 10, 1958). ICA has denied any causal relationship, but its own cable files, paraphrased below, demonstrate to the contrary:

ICA/Washington cable to Vientiane, Laos, on May 1, 1958.—We anticipate that, in the near future, congressional committees will be asking questions concerning certain ICA-financed contracts in Laos; in particular, those with Universal, Rader, and Vinnell.

The USOM must conduct immediate audits of these contracts before congressional inquiries are received. We assume that the USOM controller and his staff can undertake this task, but advise us if additional assistance is required. The audit should be coordinated with Kelly, the regional inspector of the Office of Personnel Security and Integrity.

Vientiane, Laos, cable to ICA/Washington, on May 7, 1958.—This is in reply to ICA/Washington's cable of May 1. Because of vacancies at the USOM, we request that you supply additional personnel to assist us, on temporary duty: A senior auditor, an end-use investigator, and a highway engineer qualified to evaluate construction performance under the contracts.

ICA/Washington cable to Vientiane, Laos, on May 13, 1958.—This is in reply to Vientiane's cable of May 7. We are sending you Robert Johnson, an engineer from the U.S. Bureau of Public Roads, and Washington auditor, Edward Burns, who is experienced in end-use matters. About June 1, end-use investigator Kenefick will arrive from Korea to fill the vacancy left in your staff by the departure of Miller.

Readers are free to make their own interpretations of the purport of this cable traffic. It seems to us that they demonstrate beyond a reasonable doubt that congressional inquiry into the Laos program was the "stimulus" that provoked the Burns audit.

It is truly unfortunate that ICA did not see fit to send Burns in earlier, or to give heed to the earlier available information. Burns' findings, in all important respects, corroborate findings of the earlier groups and of the subcommittee. (Although it must be noted that a number of subsequent findings have been made by the subcommittee, which even Burns overlooked.)

In an early report to ICA/Washington, Burns commented:

Had I come down here a year ago, or even about last September when this crisis broke, I could have been on top of the situation and completed my investigation within 14 days. Now the trails are cold, the facts are hazy and there is an epidemic of infectious amnesia.

Burns' primary task was to audit the contracts of the Universal Construction Co. He found that they held a total of 19 contracts and "work orders" with USOM/Laos (although only 8 of these contracts were contained in the files of ICA/Washington), totaling \$604,000. This is in addition to Universal's ICA-financed road contract with the Royal Lao Government, for \$1,068,000, making a grand total of \$1,672,000. In addition, it will be recalled, they had at their disposal some \$1.7 million of ICA-financed equipment.

Burns' findings concerning the Universal contracts will be considered in greater detail later in this report, in connection with the subcommittee's own findings concerning Edward T. McNamara, USOM/Laos public works and industry officer, and other individuals who appear to have colluded in establishing for Universal a virtual monopoly of lucrative construction contracts.

Burns stated—

In particularly 3 of the 13 Universal contracts I have reviewed (as of June 30, 1958) there is indication of fraud, corruption, collusion, and what appears to be deliberate negligence on the part of mission personnel. Any or all of these charges, though most apparent, would be difficult to prove under the present circumstances.

Fortunately, the subcommittee has been able to prove them, in part, and to cast some light even on those which cannot be fully proved.

The recommendations contained in Burns' final report to ICA/Washington thoroughly condemn Universal and a number of USOM personnel for, at the minimum, negligence and impropriety. His primary recommendation was this:

The USOM will not award any additional contracts to the Universal Construction Co. pending resolution of the problems contained in this report.

Although he had conveyed his findings to the acting mission director, then Elbert A. Loren, the mission recommended to ICA/Washington an extension of Universal's road contract with the Lao Government. This recommendation was contained in a cable, on the original copy of which it was made to appear, without Burns' knowledge, that he had approved the recommendation. The extension was approved by ICA/Washington, in the record time, for them, of 3 days.

Leonard Saccio, Acting Director of ICA, stated to the Committee on Foreign Affairs that he had "acted before the ink was dry" on Burns' report. This is misleading. In fact, ICA let over 3 months pass before any remedy was applied. Burns returned to Washington *in early July*; by that date, at least, ICA/Washington was fully apprised of the problems relating to Universal. In light of prior information available to the agency on this firm, it is incomprehensible that not until October 24, 1958, did ICA/Washington direct the USOM not to award additional contracts to Universal, and to suspend payments under existing contracts pending determination of claims that might exist against the contractor.

HIGHWAY PROGRAM

The recurring deficiencies in ICA operations previously referred to are strikingly underlined in the findings of the subcommittee investigation of the highway program, the mission's principal project activity in Laos. In a land where capital projects generally are not feasible, the highway project presented the mission with its best opportunity to give the Lao people something that was urgently needed and at the same time demonstrate American engineering knowhow. This was a priority project with a "crash" label but, as it turned out, it was

priority without performance. Our findings, in addition to revealing a dismal return on a \$4 million expenditure, demonstrate that deviations from sound administrative standards and procedures provide ready-made facilities for corruption.

On April 30, 1955, project approval was granted for the first major stage in a road program that was intended eventually to achieve the rehabilitation, and restoration of regular maintenance, of highways of primary importance in Laos. It was 9 months, however, before any further action was taken.

On January 26, 1956, an expenditure of \$330,000 was approved by ICA/Washington for the negotiation of a contract with an American engineering firm, to provide 11 American technicians to organize the Laotian road maintenance groups proposed in the project.

On February 17, 1956, \$1,516,560 was approved to have the U.S. Bureau of Public Roads procure highway equipment, to be utilized by the American contractor establishing the road maintenance groups referred to in the preceding paragraph.

On October 15, 1956, ICA/Washington approved a further expenditure of \$496,908 for the negotiation of a contract with an American engineering firm, to provide consultation and guidance to the Lao Ministry of Public Works, which Ministry was responsible for highway operations in Laos.

The subcommittee found no evidence that either the mission or ICA/Washington had made any provision for coordinating the arrival of the equipment with the arrival of the contractor who was to utilize it. The U.S. Bureau of Public Roads, acting as procurement agent for ICA/Washington, informed ICA that all of the equipment would be purchased by June 30, 1956, and dispatched a highway specialist to Laos to provide the mission with information concerning the procurement and shipping details. The mission, however, made no move to expedite the service contract which had been proposed to utilize the equipment, until *after* the mission had received word, in June 1956, that some of the equipment was actually en route to Laos.

Responsibility for coordinating the contract with the arrival of equipment in Laos rested squarely with ICA/Washington, although it also appears that the mission evidenced no concern until it became evident that tons of equipment would arrive in Laos with no provision for receiving, servicing, warehousing, and utilizing it. The implementation orders for equipment procurement and engineering services had entered the hopper of the agency's Office of the Deputy Director for Technical Services in late January 1956. The *equipment* order was channeled through the procurement division of that office, and it was processed expeditiously by assignment of the procurement to the U.S. Bureau of Public Roads. The implementation order for *engineering services*, on the other hand, was routed to the Area Operations Division of Technical Services, where the evidence shows no action whatsoever was taken on it until the end of May 1956—*4 months later*—when it was referred to the Office of Contract Relations, another unit of the Office of Technical Services. The Area Operations Division is without an explanation for this delay, which was to change materially the entire complexion of the highway project as originally conceived by the mission in its proposal to ICA/Washington. The Office of Contract Relations required nearly *6 more months* to sign a preliminary agreement with Vinnell Co., Inc., of

Alhambra, Calif., and *an additional 5 months* to negotiate a final signed contract with that firm.

The excessive delay of contract negotiations in Washington created an emergency situation in Laos which was embarrassing to U.S. interests. Long-awaited equipment was piling up with no facilities for putting it to work. In August 1956, the then USOM Director, Carter dePaul, cabled Washington that he was at a loss to understand ICA/Washington's inability to meet the commitments of the project and pointed out that nonutilized road equipment was prejudicial to U.S.-Laos relations. The Director requested, and on August 22, 1956, received, permission to negotiate a short-term contract, not to exceed \$25,000, for the purposes of clearing the site for an equipment compound, conditioning the equipment for service, and performing needed emergency repair work on the Thadeua Road.

This authorizing cable appears to be the first step through which ICA/Washington was eventually to relinquish control over the highway project in Laos. When the mission's conduct of the highway project was subsequently unraveled, by the subcommittee, it was disclosed that the Universal Construction Co., with the aid of a mission official it had corrupted, had parlayed an initial contract (under this \$25,000 authorization) into a virtual monopoly of all highway operations in Laos.

Pursuant to the authority granted by ICA/Washington, the mission, on August 27, 1956, allegedly under a letter of intent, engaged the services of the Universal Construction Co. to assist the Lao Government in making emergency repairs to roads in the vicinity of Vientiane. (Two American citizens, Gerald A. Peabody and Willis H. Bird, were principals of the firm.) A contract was written in the amount of \$25,000, but not signed until October 4, 1956. The implementation order (which is the agency document for authorizing funds) was not signed until October 12, 1956, a week after the contract was signed, contrary to ICA regulations. This cost-plus-fixed-fee contract was let without bids, contrary to ICA regulations. Neither the mission nor the contractor was able to produce for the agency's auditor the letter of intent. The absence of this document raises the question of whether the contractor was properly authorized to engage in work during the period from August 27 until October 12, 1956, the date the contract was signed. Without this document the mission was without authority for the release of funds it made to pay the contractor during this period.

On October 26, 1956, dePaul cabled ICA/Washington for permission to increase the contract to \$50,000 "to continue this emergency project". On November 7, 1956, ICA/Washington, calling attention to a paucity of submitted information on mission highway operations, reluctantly gave the director permission to negotiate a *new* contract with Universal, not to exceed \$25,000, to carry on this road maintenance project. To support his position, dePaul cabled ICA/Washington, that the extension was made necessary by the delay in the arrival of contract personnel, (to be provided by ICA/Washington) and he added that Universal's performance had been excellent. Subsequently, ICA auditors, who were unable to find any records on the basis of which Universal's work could be evaluated, observed that the contract had specified that the contractor *was not to be responsible for the completion of any work*. A most unusual contract!

Instead of following ICA/Washington's instructions to negotiate a new contract, the USOM, without Washington authority or any other authority, on March 3, 1957, amended the Universal contract to increase the expenditure limit from \$25,000 to \$50,000.

For reasons for which no explanation has ever been forthcoming, the USOM, on October 10, 1956, without the knowledge or consent of ICA/Washington, and without fund authorization, entered into a *second* contract with Universal, this one a lump-sum contract in the amount of \$15,950, to assist and expedite the reception, transportation, and off-loading of highway equipment valued at \$1,600,000. The negotiation of this contract is further evidence of the utter disregard of the mission for the agency's regulations intended to safeguard the disbursement of aid funds. In the negotiation of this contract, the mission completely reversed the procedure on which contract operations are based. Under prescribed procedure, contractual negotiations are supposed to adhere to the following order:

1. Authorization of funds;
2. Invitations to bid;
3. Award of contract;
4. Beginning of operations.

USOM/Laos "negotiated" this particular contract in the following order:

1. Universal began performing the required work in July 1956;
2. Contract was signed October 10, 1956;
3. Invitations to bid were issued November 1, 1956;
4. Funds were authorized January 16, 1957.

Further evidence of the breakdown of prescribed controls was the total payment of \$24,804.50 to the contractor—\$8,854.50 in excess of the contract limit—and before the funds were authorized. The issue of invitations to bid was simply a token device of the mission to counter the complaint of a competing firm, the Pioneer Construction Co.¹⁵

Records were not available, in the mission or anywhere else, to evaluate Universal's operations under this contract. However, a U.S. Bureau of Public Roads engineer, Robert S. Johnson, who reviewed the Universal operations in Laos in connection with the Burns audit, reported that the work had not been carried out in a manner to insure proper receipt, disposition, maintenance and care of the roadbuilding equipment, and that facilities provided for the receipt and storage of the equipment had been neglected and were inadequate.

While dePaul on one hand was pressing ICA/Washington to hurry the engineering contract to get the highway program underway, he was with the other hand supporting McNamara's insistence on a Universal-Lao Government deal that was to strip the ICA/Washington-Vinnell contract of its usefulness.

On January 26, 1957, the Government of Laos executed a contract, directly with Universal, *to perform substantially the same services* that are spelled out in the contract ICA/Washington was negotiating with Vinnell, whose engineers were already arriving in Laos under a letter of agreement. Moreover, USOM turned over to the Lao Government, which placed in the custody of Universal, all of the roadbuilding

¹⁵ Similar instances were referred to in this subcommittee's report, "Foreign Aid Construction Projects", H. Rept. No. 2012, 85th Cong., 2d sess. 1

equipment procured with U.S. funds and intended for the use of the Vinnell Co.

The total amount of this contract was 37,400,000 kip, or, at the free market rate of 100 to 1, \$374,000. This is comparable to the \$330,000 Vinnell contract which was to perform substantially the same services. However, on February 5, 1956, 10 days after the contract was signed, the contract was amended to provide for the conversion of 80 percent ¹⁶ of the "contractor's earnings" into U.S. dollars at the official rate of 35 to 1. This increased the value of the contract from \$374,000 to \$854,800, increasing the cost of our aid program by half a million dollars.

Examination of correspondence and cable files by the subcommittee disclosed that ICA/Washington had no knowledge of the Lao-Universal contract until 4 months later when the Lao Government could no longer finance the project. On April 19, 1957, dePaul cabled Washington for permission to use counterpart funds to continue the project. The ICA cable file discloses that ICA/Washington believed the request one to continue the *mission* contract with Universal, and denied permission, assuring dePaul that Vinnell would be in operation shortly. However, dePaul persisted, on the ground that the project had political and economic implications. ICA/Washington, on May 8, 1957, agreed to the release of counterpart to finance the Lao government project, but inquired why the mission had established a servicing contract with Universal when the Vinnell contract was being negotiated for that purpose.

The key to the Universal-Lao Government contract was control of the \$1,600,000 road equipment. Without control over this equipment, no road contract could function. The mission relinquished custody of the equipment by turning it over to the Lao Government, on the basis that title to the equipment was vested in the Lao Government. The Lao Government turned it over to Universal.

Jsoeph A. Schmiedl, a highway engineer under McNamara's supervision, related to ICA auditors that in October 1957, at McNamara's direction, he had turned over all of the highway equipment to the Lao Government. He stated that he had objected to turning over this equipment on the ground that the mission would lose control of it; McNamara overruled him, stating that control of the equipment was his, McNamara's, worry and not Schmiedl's. Although title to the equipment was vested in the Lao Government upon its arrival in that country, there is some question as to the propriety of actually releasing it to the Lao Government until the mission had received assurances that it would be cared for and utilized properly.

With title to the equipment vested in the Government of Laos and physical custody with Universal, the Vinnell firm was hamstrung upon the arrival of its engineers in Laos. Since the work Vinnell was to do had been assigned to Universal, the Vinnell firm was unable to accomplish the task for which it was hired. This contractual conflict was not known in Washington until Vinnell's main office wrote to ICA/Washington on July 22, 1957, stating that the work the firm was being called upon to do in Laos was not the work specified in their contract. Since the Vinnell force in Laos was reduced solely to main-

¹⁶ On May 31, 1957, when he requested Embassy approval to sell his Cadillac to Peabody of the Universal firm, dePaul stated that the kip to be used by Peabody in the purchase of his car was of "legitimate origin, since his company was *forced* to accept 20 percent kip payment under Universal's \$300,000 contract with the Lao Government". [Italics supplied.]

taining the equipment, the firm requested an appropriate amendment to the contract. Between December 2, 1957, and March 7, 1958, ICA/Washington cabled the mission *five times* for an explanation of Vinnell's complaint, before a reply was finally received.

USOM Director dePaul contended that the mission's action with respect to this contract between the Lao Government and Universal was merely that of acquiescence. The Lao Government, however, has taken a contrary official position and states that it accepted Universal as reputable on the recommendation of the mission, and with the assistance of the mission in negotiating the original contract.

If any doubt remained as to the mission's participation in the contract, it was dispelled when Edward T. McNamara, the mission's public works officer, admitted to the subcommittee that Willis Bird of Universal had paid him \$10,000 for his assistance in landing the Lao Government contract for Universal, and that he had drafted the contract for the signature of the Laotian Minister of Public Works.

M'NAMARA'S ACCEPTANCE OF A "GIFT" FROM UNIVERSAL

Edward T. McNamara was public works and industry officer for the USOM/Laos from December 20, 1955, to November 3, 1957. In this capacity, he was in the position of initiating and supervising numerous USOM construction contracts, including those with Universal. He was also in a position to exercise, and did exercise, considerable influence upon both the USOM and the Laos Government to secure award of contracts to Universal.

In return for these favors, he received from Universal money, stocks, and airline tickets totaling at least \$13,000. This he has admitted under oath.

McNamara was first recommended to ICA for employment by Thomas Hill, former public works and industry officer for USOM/Thailand. When he was completing his tour, McNamara recommended to ICA that they employ as his replacement Herluf Larsen.¹⁷

ICA has sought, in testimony before the Committee on Foreign Affairs, to give the impression that its own investigation into McNamara's affairs formed the basis for inquiry by the subcommittee. This is not correct. Let the record be clear.

The Foreign Operations and Monetary Affairs Subcommittee did not commence, extend, expedite, or otherwise develop the investigation of McNamara as result of any suggestion, request, or comment from any ICA official.

Files on McNamara made available to the subcommittee by ICA provided useful background material, and the subcommittee is appreciative of the agency's cooperation. It should be noted, however, that these were "dead" files. Any suggestion that the subcommittee merely accomplished what ICA itself was planning to accomplish momentarily is, unfortunately, unfounded. Could we rely on ICA to accomplish its own internal policing adequately, our task would be made much easier. The McNamara case had been closed by ICA before the subcommittee commenced investigating it.

The reason for closing the case, apparently, was that McNamara had left ICA's employ. The Personnel Security and Integrity inves-

¹⁷ It may be of interest to note that more than a year ago both Hill and Larsen were referred to as possible "conflict of interest" cases, while employed in the USOM/Thailand. See this subcommittee's "Report on Foreign Aid Construction Projects," 85th Cong., 2d sess., H. Rep. No. 2012.

tigator assigned to the matter testified that he "did not know where he (McNamara) was." Actually McNamara was only a block away from ICA/Washington headquarters, employed by the firm of Transportation Consultants, Inc., headed by General Lacey V. Murrow. TCI was under an engineering contract with USOM/Laos, and the relations between that firm and the Vinnell Co. are discussed elsewhere in this report.

The subcommittee first became aware of the possibility of McNamara's corruption from study of information supplied by Haynes Miller—information that had been available to the agency for some time. Routine checking of McNamara's financial status turned up an interesting and unexplained item—he held a \$10,000 share certificate in a Canadian mutual fund for which Willis Bird (who, with Peabody, controlled Universal) was southeast Asian sales representative.

Further inquiry revealed that this share certificate had been paid for by Bird's check, in the full amount, dated June 1, 1957. This date preceded by some 5 months McNamara's departure from Laos.

McNamara was called before an executive session of the subcommittee, on March 13, 1959, and placed on oath. He was also required to produce his financial records for some years back, in order that we could verify whatever financial information he might offer orally.

When he was asked to explain the \$10,000 share certificate, he offered an incredible story. He stated that he did not know why Bird had used his own check, other than for convenience. His story was that he had paid Bird the full cost of the shares, *\$10,000 in cash.*

He was then asked where he had acquired cash in such an amount, while serving in Laos. He explained that he had acquired the cash *before* going to Laos. He had acquired it over a period from 1951 to 1953, he said, in a real estate transaction. From then until he went to Laos, he kept it in a little black tin box in his house. He carried it to Laos in his briefcase. Shortly after arriving in Laos, he placed it in a sealed envelope and stored it in a file cabinet drawer at the USOM which had been designated for his official use. Until he extracted it from the envelope to pay Bird, he testified, *no one in the world, including his wife, had ever seen the money or even knew that it existed.*

When the subcommittee expressed its incredulity, McNamara provided circumstantial detail surrounding the acquisition of this money (he claimed that originally he had acquired some \$13,000, of which the \$10,000 to Bird was the residue). He named several individuals in the State of New Jersey as participants in the real estate transaction from which the money came, and one of these as the individual who had actually paid him the money.

The subcommittee sent a staff investigator to New Jersey, who took statements from the persons named by McNamara. All denied giving him any money during the period in question, whether for the named transaction or any other.

When confronted with this information, McNamara admitted that his first story had been untrue, and admitted also that he had received the share certificates from Bird, with the full knowledge of Peabody, for services that he had rendered to Universal.

He also admitted the true facts surrounding the "sale" of his automobile to C. T. Russell, Universal's construction superintendent in

Laos. This transaction concealed the passage of a further bribe of \$2,230.

McNamara owned a 1955 Dodge sedan. In October 1956, he states that he made an agreement with Russell as follows: He (McNamara) would bring the car to Laos and use it while he was there; when he left, Russell would buy the car for \$4,460; Russell would immediately advance half that amount, \$2,230, to McNamara so that the latter could pay off the existing loan on the car, thus releasing it for shipment.

Russell gave McNamara a check for \$2,230, dated October 17, 1956. Examination of Russell's bank account showed on October 23, 1956, a deposit was made by *Universal*, of exactly the same amount. In view of later developments, it is apparent that *Universal* was merely using Russell as a channel to corrupt McNamara. This view is also supported by the very unusual circumstance that Russell was willing to make an agreement for *future* purchase of the car, leaving its use to McNamara for a period of over a year, at a very generous price.

According to McNamara, Russell indicated that he had no further desire to purchase the car sometime in March or April of 1957, the car having by then arrived in Laos. McNamara testified that he had not discussed with Russell, at any time, repayment of the \$2,230 advance. The matter was, however, discussed between McNamara and Peabody.

McNamara has testified, concerning these discussions.

My first understanding was really I was to forget about it on the basis of the immediate time of repayment. But later, it got to be an understanding that I was to forget about it completely.

McNamara's "gratitude" to *Universal* was expressed in a number of very practical ways, including:

1. He "participated" in numerous contract negotiations, including a number which resulted in awards to *Universal*;

2. With regard to the Royal Lao Government-*Universal* road contract, he has testified that he wrote the draft contract for the Minister of Public Works; he further stated, "If anyone was the prime mover in this contract, I was." (The Royal Lao Government has taken the official position that this contract with *Universal* was entered into on the basis of USOM recommendation. It appears that Mission Director dePaul was aware of McNamara's participation, which went considerably beyond the mission's responsibilities.)

3. He signed the "certificates of performance" under the *Universal* contracts, a necessary prerequisite to *Universal*'s getting paid. "I signed that the work had been performed satisfactorily, when I had no reason to think it was unsatisfactory." As a matter of fact, he had no basis for any opinion either way, since he testified that he had inspected neither work nor equipment prior to signing these certificates and that he had never taken any exceptions to the quality or amount of performance under the contracts.

McNamara's testimony stands uncontroverted. From that testimony, it is clear that both Bird and Peabody were fully aware of the bribes given to McNamara, and that he discussed these matters with both.

The records in this case have been made available to the Department of Justice for such action as may be necessary and desirable.

REMOVAL OF HAYNES MILLER FROM THE LAOS MISSION

Mention has been made earlier of the investigative efforts of Haynes Miller, and of his end-use reports. Miller's compiled material, and the leads he provided, could have led ICA to uncover such matters as McNamara's corruption, and to remedy such matters as the deficiencies in the contracts and performance of the Universal Construction Co.

In fact, however, ICA's reaction was the "defensive" one of removing him from his position. Upon his return to Washington, he submitted to questioning about his findings. He has stated that it was his impression that his questioners were more interested in proving him wrong than they were in determining the existence of deficiencies in the Laos program. It is not apparent that ICA/Washington, any more than the USOM/Laos, made any use of the information obtained from Miller.

Miller's removal from the mission was based upon an undefined catch phrase, "unable to adjust." It appears to the subcommittee that, if this refers to Miller's ability to adjust to the environment in Laos, it is grossly inaccurate. He was one of the few qualified French linguists at the mission, probably the most linguistically competent of the American employees. He was also, on the testimony of a number of witnesses, the one who most sought out on a social basis, in a real wish to "adjust," Lao and French nationals.

The formal chain of events which led to Miller's removal from the mission was initiated with a telegram, dated September 14, 1957, sent to the Department of State by Ambassador J. Graham Parsons.

This telegram was based upon discussions between Parsons and the then USOM Director, Carl Robbins. Robbins participated in the drafting and reviewed the telegram before it was sent. The telegram cannot be quoted verbatim for reasons of communications security. The tone of the telegram is not flattering to Miller. It advises Washington that he was invited to resign, by Robbins, on August 20, "because of obvious signs of nervous disorder." It also states that Miller has associated with the "low French" (not further identified), "some of whom are opium addicts and scorned by other French."

It is of interest to compare the treatment received by Miller with the agency's instant defense of former USOM Director Carter dePaul, when charges were made against him, as discussed elsewhere in this report.

Ambassador Parsons' opinion of Miller's "nervous disorder" was rendered without benefit of medical advice. This is contrary to Department of State regulations. Competent medical advice was available to the Ambassador and could have been solicited. This lay medical opinion is particularly noteworthy, in that 1 month later, on October 30, 1957, Miller was subjected to a full medical examination in Washington and certified as "*qualified for general duty.*"

In the light of this telegram it is perhaps not too surprising that those charged with the responsibility of evaluating and investigating the allegations contained in Miller's reports paid little more than lip service to their duty. Coming from the Ambassador, the telegram could not help but prejudice Miller's case, and perhaps create such a bias in the minds of ICA/Washington officials as to preclude serious consideration of his charges.

When the subcommittee queried Ambassador Parsons about his handling of Miller's charges, he stated that he had taken the unusual action of calling Miller into his office for discussion.

Miller's testimony on this point follows:

Mr. REDDAN. Had you any discussions with the Ambassador concerning your report?

Mr. MILLER. Yes, sir. I was called into the Ambassador's office in August, I think August 4. And the Ambassador told me that he had about 20 minutes to give me. He then used about 15 minutes of that time to explain to me how embarrassed he would be if Universal Construction Co. was not an honest, straightforward firm, because Washington had asked him earlier in the year if that company was a proper company to receive the contract they were receiving, from the Lao Government I presume.

And he said—as best I can recall now—"I should have perhaps gone to my subordinates and made more inquiries than I did make. But I recommended that firm. I knew Mr. Peabody and thought very well of him."

I might say here that Mr. Peabody is a most impressive person and would be perfectly capable of creating an excellent impression in spite of the fact I think his professional background is that of a wrestler.

He went on to say that he had written two letters of recommendation for Mr. Peabody and that at that very moment at which we were speaking, Mr. Peabody was in Washington using the letter of recommendation from him which he termed as being a very nice letter of recommendation.

That took about 15 minutes, and that left me 5 minutes to convince an Ambassador who didn't have much faith in me that it was a pretty messy situation.

The credibility of Miller's testimony is supported by the existence of a letter dated April 24, 1957, from Ambassador Parsons to Kenneth T. Young, Office of Southeast Asian Affairs, Department of State. The letter, which is quoted below, certainly constitutes a strong endorsement of Universal.

DEAR KEN: I enclose a memo forwarding comments by the Minister of Public Works on the extraordinary progress made on the road to Luang Prabang. I should like to add that on April 18 when I delivered you-know-what to the Prime Minister, he spoke to me with quite un-Souvanna like enthusiasm about the work of the Universal Construction Co. He said he had in fact not only written to Jerry Peabody to congratulate him personally but had just arranged for eight ANL trucks to ferry gasoline and spare parts to the five construction camps strung out along the road, thus releasing an equivalent number of critical dumptrucks which are so needed to haul gravel for surfacing.

Apart from Souvanna and Petsarath, most of the Ministers and over half of the Chiefs of Mission accredited to Laos traveled either to or from Luang Prabang on the road. The trip dramatized American aid as nothing else has yet done in Laos. The contrast between unimproved stretches,

stretches prepared for gravel surfacing and stretches where this work has already been completely provided, particularly with the rainstorms we encountered, a striking "before and after" demonstration. It was also an eye opener to encounter large roadmaking equipment working efficiently and around the clock high up on the precipitous mountain slopes. The Okinawans are now famous in Laos and progress on the road is now a favorite topic of conversation.

From my own personal observation, I believe that the economic and social dividends from this operation will be considerable in this most important part of northern Laos. I also believe that it is by no means wildly optimistic to state as USOM people do that once the gravel surface is finished, it should be possible to keep the road open on a year-round basis with rather minimum maintenance crews and equipment spotted at a few points along the way. Jerry Peabody told me that he expected to work right through the rainy season and as he has already obtained more progress than he promised, I think he knows what he is talking about when he says that it is feasible to continue despite the rains. He also mentioned to me that he personally felt that he had lost 20 percent of efficiency by reason of having had to spread out his operation over the entire highway rather than begin at the Vientiane end of road and proceed steadily in a concentrated operation. However, he appreciates the political reasons which motivated Tiao Souk's position to proceed virtually everywhere at once and he is as pleased as anyone that the operation is paying off.

I repeat, for the first time American aid is producing something visible of major importance which has been brought to the inescapable attention of a large proportion of the key personalities in Laos. For the moment, our credit is high.

Best wishes as always,
Yours sincerely,

J. GRAHAM PARSONS,
American Ambassador.

Testimony before the subcommittee indicates that the road referred to by the Ambassador has *not yet* been completed, and the part that has been done is most unsatisfactory.

CIVIL POLICE PROJECT FOR LAOS

Historically, the civil police project in Laos grew out of needs arising after the Geneva agreements in 1954. At that time, internal security of the country was maintained by a variety of forces. There was need for reorganization and consolidation of these forces; and, in April 1955, the Government of Laos requested U.S. assistance. Following a study and report by American police consultants, ICA and Laos signed a project agreement for a civilian police administration program. The agreement, with subsequent amendments, provides assistance along the following general lines:

A. Technical:

- (1) Providing training to personnel both in Laos and abroad;
- (2) Advising Lao officials on police organization, administration, and operations.

B. Material:

- (1) Releasing counterpart funds for police salaries and other local police costs;
- (2) Construction of a training center;
- (3) Providing supplies and equipment (with emphasis on transportation and communications functions).

The objective of the project is to enhance the capability of the Lao police force effectively to maintain internal security and simple "law and order."

This is one of two major projects in ICA's Laos program. It entails both technical advice and material aid. As of February 28, 1959, ICA had obligated about \$1.6 million for equipment, technicians, and contract services, plus the equivalent of over \$6.5 million in counterpart funds for police salaries and other budgetary support.

Organizationally, the project is an operation of the Public Safety Division in ICA's Office of Public Services. It is being carried out in the field by a U.S. Police Advisory Group.

In an effort to assess the impact of the project in terms of the aforementioned objective, the subcommittee has scrutinized a great deal of material, including reports and testimony from GAO, the regular monthly public safety reports from the Police Advisory Group in Laos, and has heard from the Chief of ICA's Public Safety Division.

Unfortunately, the subcommittee has run head on into several major inconsistencies between the ICA testimony, on the one hand, and on the other GAO testimony and information contained in ICA reports from Laos.

ICA testimony speaks of "progress," "accomplishments" and the project's "successfully filling its mission." While mention is made of certain difficulties which have beset the project, the general tenor is one of optimism and satisfaction with results. Yet the monthly reports from Laos and the GAO testimony yield an entirely different emphasis.

The monthly reports from Laos (covering a period from August 1956 to March 1959) were furnished the subcommittee, pursuant to its request, on April 27, 1959. These documents are a repetitive, depressing chronicle of *negative results and unremedied deficiencies*. Several pertinent portions of these reports are discussed below.

Appearing before the subcommittee on March 20, 1959, a GAO representative commented on the status of the police project as of the time of GAO's latest audit report on economic and technical assistance in Laos (October 1958). The comment made was that attainment of project objectives had been hampered by difficulty in recruiting U.S. advisers, and by inability of the Police Advisory Group to evoke the full support and understanding of the Lao authorities. The GAO witness added that ICA, in response, had pointed out a number of project accomplishments which reportedly had contributed to increased police efficiency. The agency had also advised GAO that further improvements were underway or contemplated.

The witness thereupon referred to GAO's recent on-the-spot review of matters in Laos with specific reference to the police project:

Our followup review in December 1958 disclosed that little progress had been made in the several problem areas previously discussed by us, and that there was a serious lack of control over counterpart fund expenditures, with evidence

pointing to the possible diversion of substantial sums for unauthorized purposes.

Thus from two sources at the scene—the observations and conclusions of the Police Advisory Group itself and the auditors of the GAO—the subcommittee has convincing information that “success” and “progress” cannot yet be accurately attributed to the project.

The subcommittee certainly does not wish to minimize the many inherent difficulties which have faced and are facing the project. Nor, in view of those difficulties, does the subcommittee feel it should attempt to criticize the efforts of the Police Advisory Group. But the subcommittee is disturbed by ICA’s incomprehensible attempt to depict hoped-for accomplishments as present realities while ignoring or minimizing a superabundance of failures and deficiencies.

In an apparent effort to impress the subcommittee with the progress and impact of the program, ICA directed our attention to an ICA end-use audit report, dated November 29, 1957, which states in part:

This is a timely and important program. Its impact on the maintenance of internal control and security within Laos cannot be overestimated. It appears to be successfully filling its mission under capable leadership and advisory assistance.¹⁸

This is in direct conflict with the monthly reports from Laos which are contemporaneous with this end-use audit report. The monthly reports point out that—

(a) The program’s impact is superficial, and it has yet to reach even minimum efficiency (September 1957);

(b) The program impact has been negligible (October 1957);

(c) Despite improvements in equipment, material and impedimenta the program has not had a significant impact (November 1957);

(d) The program impact may actually have had a negative effect (December 1957);

(e) There has been no impact worthy of comment (May 1958).

Again, ICA states that crime rates are relatively low in Laos and there were no disorders in connection with the two elections held during the existence of the police program. These, ICA contends, are evidences that police procedures and operations have become more effective.

In point of fact, the monthly reports from Laos assert again and again that the Lao people have an unusually low proclivity toward crime and civil disturbance. The reports further point out that criminal statistics are difficult to come by because of inadequate crime-reporting procedures.

For example, the report for May 1958 declares:

In the larger sense the * * * Lao is not addicted to crime and criminal behavior. Although statistics are unavailable, observation and experience indicate a conceivably low crime rate.

¹⁸ In transmitting the audit report to the USOM Director on December 30, 1957, the mission controller, Mr. Harting, declared: “There are a few details yet to be worked out to smooth certain rough spots in the program. * * * The impact of this important program has been highly favorable. * * *”

And the report for June 1958 comments:

The fact that the country remains without a government constitutes, in some measure, a threat to public safety. The Laotian people, however, are in general calm and easy-going by nature, and show little inclination to stage demonstrations in protest to the uneasy situation. * * *

In response to a question raised by the subcommittee, ICA brushed lightly over the matter of graft and improper practices among the Lao police by characterizing reports of such conditions as merely "unsubstantiated rumors," in spite of the fact that the December 1957 report states the misuse of official police equipment and reported acceptance of gifts are not conducive to good public relations, and such activities have an adverse effect on the program.

Allegations have been made that the Lao police personnel are being employed for local political purposes. This, if true, suggests a problem of a sufficiently serious nature to warrant ICA's immediate attention. Although the subcommittee has made inquiry of ICA concerning the matter, there is nothing to indicate that the agency has taken any action to determine the truth or falsity of the charges.

ICA's statements to the subcommittee relative to this project constitute but one more example of chronic unwillingness or incapacity of that agency to present to the subcommittee a straightforward, unvarnished account of matters relating to its programs.

It is also an example of one more ICA activity in Laos whose accomplishments fell far short of expectations.

HOUSING FOR MISSION PERSONNEL

In the early part of 1956, Robert Manley, a member of the Howell group assigned to the import licensing board, disapproved an import license for the foreign exchange costs of importing building materials for the construction of 25 houses by a group of promoters that included the Thai Technical Services of Bangkok; a Saigon financier, Mr. Flamand, and a local importer, COFIC. An agreement had been reached with USOM through which this group would finance the building of the 25 houses for lease to ICA for housing its personnel. (Except for the import of materials for which foreign exchange was required, the United States had nothing to do with the financing of the construction.)

Mr. Manley reported that the basis of his disapproval was that unit prices were not shown and that the quantities listed for individual items (doors, windows, plumbing fixtures, etc.) were in excess of what was needed for the houses specified. The foreign exchange requested exceeded by 30 percent a similar proposal of the General Engineering Co. of Bangkok and Angelou & Co. of Vientiane, competitive bidders. In addition, according to Manley, the Thai Technical Services project was in a poor location, and the entire group of promoters had no demonstrable ability to complete the construction of the houses.

The USOM procurement adviser, Charles Miller, protested Manley's disapproval of the application and demanded his reasons. Manley

explained that the plan proposed indicated exchange profiteering and that a project with so many participants and profit splits was not likely to be sound. He estimated that the windfall exchange profit alone would be \$50,000 or more. Manley reported that the USOM procurement officer had directed him to stay out of the matter, on the grounds that it was none of his business, and that further objections on his part would be interpreted as blocking the mission's housing development plan, for which a contract had already been signed. Manley said that the application was sent to him a second time for consideration, but he refused to consider it. Thereupon, the procurement officer, according to Manley, handled the matter personally and directed the licensing board to approve the application.

As predicted by Manley, the builders went broke before completing the houses.

Manley's report to Mr. L. O. Grice, Howell & Co.'s staff chief, dated June 8, 1957, follows:

I have been asked by H. Miller, USOM end-use investigator to document my handling of the import application for USOM housing, known as the 25 houses. My comments follow:

In February, March, and April 1956, I brought together Angelou & Co., a proven, successful, Vientiane building contractor, and the General Engineering Co. of Bangkok, designers and engineers for 70 waterworks and compounds in Thailand, as architects and suppliers, from which resulted a rental proposal to USOM for 20 houses in a good central location of Vientiane. These houses provided about 1,700 square feet of floor area to be rented for a little under \$300 per month for 3 years and a greatly reduced rent after that. These parties subsequently built similar houses here and finished them according to contract in 90 days.

An offer of 25 houses in a poorer location made by a group of promoters with no demonstratable ability to complete construction in Laos was selected. This group of promoters was recognized at the time to include the Thai Technical Services of Bangkok, licensee under the Kingston patents and operators of a small poorly financed factory making panel sections; a Saigon financier, M. Flamand, to finance the import license; a local importer, COFIC, to obtain the license and finance the construction on a sublease basis to what was at that time an unidentified contractor; and the Economic Development Corp. of Bangkok, as the sales agent to handle the negotiations with USOM.

The exact nature of the operation came to my attention when I was asked to examine the license application by the CNIE.

After studying the application in the normal way, I advised that the correctness of the price could not be determined in a reasonable length of time because unit prices were not shown, just a total price. Further, the quantities for items such as doors, windows, sanitary fixtures, etc., were in excess of what was needed for the houses specified. The foreign exchange requested exceeded by 30 percent per unit

that required by the proposal of the General Engineering Corp.

The USOM procurement adviser asked why I had not approved the application. I gave my reasons, and I further explained that the combination of interested parties fit perfectly the examples of exchange profiteering I knew about, and that a project with so many participants and profits was not likely to be sound. I estimated the exchange profit alone to be \$50,000 or more. I was advised in a threatening manner that this was none of my business and to stay out of it or I would be in the position of blocking the housing development and mission policy as the contract had already been signed.

The application was sent to me for a second time but I refused to consider it further. It was then handled personally by the procurement adviser who advised the CNIE ¹⁹ it had to approve the application. National Bank approval was obtained with the same tactics.

The speed with which this unsound application was moved through the system in contrast to the delays imposed on many Lac projects created an unpleasant situation of cynicism, which resulted in a number of applications being presented for housing on the same unsound basis by importers.

When Carl B. Robbins arrived in Bangkok enroute to Laos to replace Carter dePaul as USOM director, he was met at the plane by dePaul. Shortly thereafter, Mr. Robbins testified, he was taken by dePaul to lunch with a man (whose name he could not recall) who had been carrying on negotiations with dePaul to repair and complete a housing project. Mr. dePaul was present at the luncheon. Mr. Robbins testified that both dePaul and the builder had pressed him to sign immediately a USOM contract for the repair and construction of these houses. The contract was for over \$300,000, and Robbins declined to sign the contract, on the basis that he could not commit such an important sum for a project without having seen it. Later, after his arrival in Laos, Mr. Robbins examined the houses, which had been abandoned in various stages of completion, and found them in very bad condition. To complete them, he said, would have been an economic nightmare.

He described another group of 12 houses occupied by mission personnel as located in a saucerlike area without any natural drainage. In the wet season, according to Robbins, it became a mill pond and the accumulation of water was so serious that the residents were reduced to wearing boots and using boats. Moreover, he computed that each house had been costing the Government over \$300 a month *for maintenance alone*. These houses had originally cost the Government \$30,000 each.

POTENTIAL CONFLICT OF INTEREST—VINNELL CO. AND
GEN. LACEY V. MURROW

Haynes Miller's end-use report dated August 16, 1957, contained the allegation that in 1956, during part of the time that Gen. Lacey V. Murrow's engineering firm (Transportation Consultants, Inc., Wash-

¹⁹ The import licensing board.

ington, D.C.) was under contract with ICA to make certain studies and recommendations for construction work to be done in Laos, Murrow was also on retainer from Vinnell Co. Miller gave as the source of this information a Vinnell Co. employee.

In response to subcommittee questioning, ICA witnesses stated that the allegation had been investigated but not substantiated. It developed that this so-called investigation consisted primarily of the following:

1. A telephone call by ICA/Washington to A. S. Vinnell (president of the Vinnell Co.) in California on April 14, 1956, at which time Mr. Vinnell stated, according to ICA, that although General Murrow had been employed by him at one time, he had not been on the payroll since August 1955.

2. An interview was conducted by an ICA inspector with the Vinnell Co. employee named by Miller as the source of his information. This employee reported this interview in a memorandum to the company's home office as follows:

On November 14, 1957, while at the K-7 yard Mr. Soongthorn of USOM P.W. and I. office came there to inform me that Mr. William M. Kelly, regional inspector, International Cooperation Administration, USOM Bangkok wished to see me at the office USOM Vientiane at 0800 hour, November 15, 1957.

I met Mr. Kelly at the appointed time and place. He asked me if I knew Haynes Miller to which I answered that I was acquainted with Mr. Miller. Mr. Kelly then took from his folder a typewritten sheet which he gave me to read. The written matter was as follows *to the best of my recollection*:

Miller states that some of the Vinnell group and his supervisor, Mr. Jones, informed him that Vinnell retained General (Lacy) Murrow while chief of highway transportation to protect his interests, but that Universal Co. undercut Vinnell with General Murrow.

He asked me if the statement was correct. I told him that I had not at any time discussed General Murrow with Miller. He said that if it were true "it is a serious matter for as you know General Murrow's brother is the radio commentator." He then asked me to give a written statement of denial which I wrote as follows immediately below his typewritten statement:

"VIENTIANE, LAOS, November 15 1959.

"I deny that I ever discussed General Murrow with Mr. Miller.

"S. S. ALBERT B. JONES."

Mr. Kelly said "that is all, thank you, but if you had said 'yes' I would have kept you here for 2 hours."

ALBERT B. JONES.

Clearly, if this was the extent of the investigation conducted by ICA, it was totally inadequate. The subcommittee therefore undertook to determine the truth or falsity of the allegation, which if true constituted a serious potential conflict of interest situation.

On March 24, 1959, Mr. Frank S. McNamara, vice president of Vinnell Co., testified under oath that General Murrow's employment

by Vinnell "terminated the latter part of 1954" and that he was not thereafter employed by the company. He subsequently submitted to the subcommittee information, purportedly taken from the company's records, to support his testimony.

Information to the contrary was given to the subcommittee by General Murrow, who freely admitted that he had been employed by the Vinnell Co. throughout 1956. He furnished the subcommittee copies of correspondence with Vinnell, together with copies of his monthly statements to the company through December 1956.

The subcommittee thereupon requested the General Accounting Office to examine the books and records of the Vinnell Co., to the extent that they reflected the employment of General Murrow or his engineering firm. On April 13, 1959, GAO informed the subcommittee that the Vinnell Co. records showed amounts accrued as payable to Transportation Consultants, Inc., from January 1955, with certain breaks, through December 31, 1956. In February 1956, an accrual of \$500 was recorded. There was a \$2,000 accrual in March 1956. Then again in March, April, May, July, July again, September, October, November, December, and January (1957) there were accruals each for \$500.

Mr. A. S. Vinnell was then called to appear before the subcommittee on April 15, 1959, with all records pertinent to General Murrow's employment. This caused Vinnell to produce a group of documents which, the subcommittee was advised, had been misplaced. According to Vice President McNamara, these records had been found "loose" in back of the "M"s in the general files of the company. Significantly the "misplaced" documents are the ones which show indisputably that General Murrow was on a \$500 per month retainer with Vinnell through December 1956.

The April 15 testimony of Mr. A. S. Vinnell is completely at odds, not only with General Murrow's testimony, but with his own company's records. Faced with his own letter of January 26, 1956, he testified that General Murrow had been on retainer during 1956 until "roughly, the middle of the year," when by a verbal agreement the arrangement was terminated. Queried for an explanation about his ledger sheets' showing billings from General Murrow all the way through December 1956, Mr. Vinnell stated simply that he did not know the explanation. Yet, General Murrow's \$500 billing dated November 1, 1956, "For professional consulting engineering services performed * * * during the month of October 1956" bears the pencilled notation: "OK. H.S." followed by the penned initials, "ASV."

Mr. Vinnell was asked to comment on the sworn testimony of an ICA investigator regarding his telephone conversation on April 14, 1956, with Mr. Vinnell. According to the investigator, Mr. Vinnell then declared that General Murrow was not in his employ as a consultant after August 1955. He gave no satisfactory explanation of this apparent conflict, but stated:

Once more, sir, I stated here—you can correct me, and maybe should correct me—that I construed as we made the payment after—as we made the date of the cutoff as of August 1, 1955, that he was not working for us he didn't get any money. Now maybe we might say that in the earlier

part of that year he wasn't working and began working again during 1956, sir."

Here was a situation fraught with potential danger to the Government's competitive bidding system as it might be employed by ICA in Laos. However, the subcommittee wishes to state at this point that it has not seen any evidence that improper influences were actually exerted in this case to the advantage of Vinnell Co. or the detriment of the Government.

SALE OF PERSONAL AUTOMOBILE BY U.S. OPERATIONS MISSION DIRECTOR
DE PAUL

On April 14, 1959, Mr. Carl B. Robbins, former Director of the USOM in Laos, testified concerning a conversation he had in the late summer of 1957 with J. Graham Parsons, the then Ambassador to Laos, in which he, Robbins, questioned the propriety of the sale by former USOM Director Carter dePaul of his 10-year old, seven-passenger Cadillac to the Universal Construction Co. (This is the company which, according to testimony before the subcommittee, had a virtual monopoly on the construction work in Laos under our aid program, and is the company which made thousands of dollars worth of gifts or payments to the USOM public works officer, McNamara, during dePaul's tenure.

Mr. Robbins said he talked with the Ambassador about dePaul's sale of his car to Universal because the deal was frowned on by the American community in Laos, since the Americans felt that de Paul had taken advantage of his position to get more money than he might otherwise have obtained for his car. Robbins said he also felt that in view of the favored position held by Universal with USOM, the dePaul transaction brought the American colony under suspicion.

Robbins said he also brought the matter to the attention of ICA/ Washington and that he personally informed the Universal Construction Co. that they were not to buy any more cars from USOM personnel because any such transactions would naturally be suspect.

Robbins informed the subcommittee that the car had stood in the equipment yard of the Universal Construction Co., at the Pam Pam House, for some time and that he told Gerald Peabody (of Universal), that as long as it remained there "it was going to keep this bad feeling stirred up." He said that following his complaint to Peabody he learned that the car was cut into pieces and dropped down an abandoned well.

The State Department has advised the subcommittee that dePaul received 100,000 kip for his automobile and 20,000 kip for a record player which he also sold to the Universal Construction Co. Our Embassy in Laos converted 106,530 kip of these proceeds for dePaul into \$3,038, representing payment to dePaul of about three times the amount he could have obtained in the open market. This was done under Embassy regulations promulgated by Ambassador Parsons. With respect to the sale of personal property and the conversion of

proceeds from kip to dollars, Embassy policy notice No. 77, dated April 18, 1957, states in part as follows:

The amount authorized for conversion shall be the kip price received provided, however, that it shall not exceed the U.S. dollar price paid by the employee, *or, in the case of used property, the estimated U.S. dollar value at the time of importation.* [Italic supplied.]

Ambassador Parsons apparently amended this policy almost immediately with a memorandum in which he stated in part, "The sole limitation shall be the kip price received, provided it does not exceed the *dollar price paid.*" [Italics supplied.] This, in effect, repealed the italicized portion of Embassy policy notice No. 77.

Mr. dePaul appeared before the subcommittee on April 15 and testified that his father purchased the automobile for him and that the purchase price was \$1,200. He claimed that to this was added the cost of five new tires, \$250, and a "great deal of work." In his request to the Embassy for permission to exchange kip received from the sale of the automobile to dollars, dePaul certified the following as constituting the dollar price he paid for the car:

1. Motor vehicle purchase price at the time of export.....	\$1, 200
2. 5 new tires.....	250
3. Overhaul, parts, complete motor rebuild.....	550
4. Maritime insurance.....	35
Total.....	2, 035

When asked by the subcommittee how he had established the value of his car, as shown in his certification to the Embassy, dePaul stated, "I remember certain elements. I remember there are two checks in my possession. I don't have them at the moment, \$1,200 and \$250." Following dePaul's testimony, the subcommittee checked metropolitan New York newspapers for the period in question (May, June, and July 1954) and found that the average asking price for a car of the same style and model as dePaul's in good condition was \$800. The National Automobile Dealers Association handbook for that period gave the dealer's "as is" price at about \$600.

Mr. dePaul was requested to produce his canceled checks and whatever other records he might have to support his sworn testimony before this subcommittee and his certification to the Embassy in Laos. On May 19, dePaul produced five checks as follows:

1. Lincoln National Bank, No. 72, March 31, 1954, \$300 (Vincent Marano).
2. Lincoln National Bank, No. 82, May 15, 1954, \$200 (Vincent Marano).
3. Lincoln National Bank, No. 154, February 10, 1955, \$500 (Nicholas DePaolo).
4. Lincoln National Bank, No. 192, July 3, 1955, \$250 (Nicholas DePaolo).
5. Irving Trust Co., unnumbered, March 31, 1956, \$450 (Nicholas DePaolo).

(The check for \$1,200, the existence of which was previously testified to by dePaul, was not included. He has since testified that there never was a check in this amount.)

The above checks were discussed with dePaul by the subcommittee staff. Mr. dePaul stated during the interview that his father had purchased the car for him for \$1,200 and that the first three checks, which total \$1,000, plus a check for \$200, missing from dePaul's records, constituted repayment to his father. He said he made out the \$300 and \$200 checks to Marano at his father's request and thought that his father had borrowed money from Marano. DePaul said the \$250 check (dated more than a year after the purchase of the car) represented repayment to his father for five tires which were supposed to have been put on the car at the time of the alleged overhaul.

As for the check in the amount of \$450 (dated almost 2 years after the purchase of the car), dePaul said it was used to purchase a Humber Hawk automobile that he used for about a month while on temporary duty in the United States and then gave to his father in compensation for the overhaul work his father had done on the Cadillac before shipping it to Saigon. He said he had not discussed the overhauling with his father at the time the work was done, or at the time the gift of the Humber Hawk was made, and admitted that these transactions with his father were "not at arm's length."

The five checks initially produced by dePaul, plus the \$200 check which he said he could not find, totaled only \$1,900. This left \$100 of his claimed cost unaccounted for. When this was brought to his attention, dePaul said that this must have been the amount he spent for repairs in Saigon but that he had no records to prove this.

Mr. dePaul had testified that the car was in "perfect condition" when it was shipped; that "it had been thoroughly overhauled and perfected before shipment."

The subcommittee then sent an investigator to New Jersey to interview dePaul's father, Mr. Nicholas DePaolo, to get his version of the transaction. Mr. DePaolo stated that he had purchased the car for about \$800 from a dealer in Irvington, N.J., whose name he did not remember. To pay for the car, he had borrowed \$500 from a Mr. Vincent Marano and added \$300 in currency which he had in his possession.

The five checks which had been turned over to the subcommittee by dePaul were shown to Mr. DePaolo. He identified the two checks to Marano, totaling \$500, and the \$250 check to himself as constituting repayment of the purchase price. He said the check payable to himself in the amount of \$500 compensated him for the cost of getting the car in condition to ship it to dePaul in Saigon, *including* the overhaul and five new tires at a cost of \$45 each. Mr. DePaolo stated that the \$450 check was a gift to him from dePaul so that he, DePaolo, could buy the Humber Hawk automobile and had nothing to do with dePaul's Cadillac. From this, it would appear that the total cost of dePaul's car was \$1,250, or about \$750 less than the amount he claimed in his certification to the Embassy and in his sworn testimony before this subcommittee.

Since both dePaul and his father stated they could not identify the dealer from whom the car had been purchased and did not produce any document to establish the price paid, it was necessary for the subcommittee to trace the ownership of the car.

It was found that the car was sold new to a West Virginia coal and coke company in 1947, where it was used as an official car until the

summer of 1948. It was then sold to William F. Mullin Corp., conducting a livery business at 13 Orchard Street, Newark, N.J., for a price of \$4,636.33. There it was used in general for-hire service until May 24, 1954, at which time it was sold to Lehigh Motors, 576 Chancellor Avenue, Irvington, N.J., for \$600. Mr. Mullin, president of the Mullin Co., stated that the price which the car brought was approximately \$150 over the then top market for a 1947 Cadillac. He attributed this to the fact that his cars were always maintained in first-class mechanical condition. He produced his records, which showed that the total mileage on the car at the time of its sale was less than 28,000 miles.

The subcommittee then examined the records of the Lehigh Motor Co. and found that the car was sold to Mr. DePaolo on June 25, 1954, for \$800. According to the records, he paid \$490 down and financed the \$310 balance through Universal CIT. Examination of CIT's records disclosed that the balance of \$310 was paid off on July 21—3 weeks later, and that no finance charges of any sort were made. In this way the subcommittee established that the automobile in question was sold to dePaul's father for \$800, and made it clear that the Marano checks did not relate to the transaction, since they predated the purchase by at least 3 months.

Two days after the subcommittee had obtained this information independently, dePaul found in his records and submitted to the subcommittee the conditional sales contract between his father and CIT. At the same time, dePaul submitted his check No. 110, dated August 14, 1954, on the Lincoln National Bank of Washington, D.C., in the amount of \$500, drawn to the order of Gloria Griffith. dePaul explained that Mrs. Griffith is his sister. With the check, dePaul submitted a written statement to the effect that he believes this check is "properly referable to this transaction" (that is, the purchase of the car), rather than the two checks payable to Marano, totaling \$500, which he had previously submitted to the subcommittee.

From the foregoing it became clear that there were real conflicts with respect to material matters in the testimony and documentary evidence before the subcommittee with reference to this transaction. Before making any findings or recommendations the subcommittee felt that Mr. dePaul should be given an opportunity to give whatever explanatory testimony he wished. Accordingly, he was invited back to a subcommittee hearing on June 1, 1959.

During this session, dePaul admitted misstatements in his prior testimony. He stated he had not intended the \$2,000 figure certified to the Embassy in Laos to represent the actual *cost* of the car; that the \$2,000 figure was his impression at the time as to the *fair value* of the automobile when it was imported in 1954, and he had attempted to support this by the cost breakdown in his certification.

When he was questioned about the series of checks previously submitted to the subcommittee, it seemed clear that dePaul had assembled them with more concern for justifying his previous testimony under oath than with informing the subcommittee as to the true facts.

In his testimony he failed to produce any credible evidence, documentary or otherwise, to connect the \$500 check payable to Mrs. Griffith with the purchase of the car. Mr. dePaul rested his case on

a series of assumptions, which, in view of his hazy recollection and lack of adequate records, is of questionable value.

As to the two checks to Marano totaling \$500, dePaul said he now recalled that this was repayment of a personal loan from Marano. He now remembered having paid \$20 interest on this loan. In the face of dePaul's admission that this was the *only* transaction he ever had with Marano, his earlier testimony is incomprehensible.

Mr. dePaul's testimony throughout was vague, evasive, and misleading.

In addition to the question of valuation already discussed, there is a further question concerning dePaul's compliance with Embassy regulations.

There were only three ways U.S. employees in Laos could legally obtain kip: (1) By purchasing them with dollars from the *Embassy*, (2) by the authorized sale of personal property, and (3) by purchasing them, in special situations, from other U.S. employees who were departing from Laos.

Under Embassy policy notice No. 77, referred to above, U.S. employees under permanent transfer orders could convert limited amounts of kip into dollars at the Embassy, at the highly preferential 35 to 1 rate. These were kip derived from sources (1), "Embassy kip," and (2), "sales kip."

"Embassy kip" could be converted up to the dollar equivalent of 2 weeks' pay. "Sales kip" could be converted subject to a ceiling which appears to have been interpreted by the Embassy as the kip equivalent of the *original dollar cost* to the seller of the property.

While not attempting to interpret the regulations, the subcommittee wishes to call attention to the language of an unclassified memorandum, dated April 17, 1959, from the Embassy in Vientiane to the Department of State. Referring to Embassy policy notice No. 77, the memorandum states:

* * * One biweekly salary (in local currency equivalent) could also be converted upon certification these funds obtained from the Embassy disbursing office. If these funds *were not so obtained, conversion privilege was denied.* [Italic supplied.]

On the basis of such an interpretation, Mr. dePaul would have violated Embassy regulations. When he converted the kip from the sale of his personal property, he computed in his request for conversion the amount of his biweekly salary—yet the record is clear that he did not then have in his possession this amount of "Embassy kip."

OPERATION MEKONG

As has been noted elsewhere in this report, the establishment of adequate transportation and communication facilities in Laos was of primary importance. This included facilities for ferrying commodities across the Mekong from Thailand. Although historically Laos had received most of its imports through Saigon and Hanoi, with the advent of independence in 1954, the port of Bangkok and the overland route across Thailand became the primary trade route. Goods were ferried across the Mekong River at Thadeua, a town approximately 25 miles south of the capital city of Vientiane. The ferries were

primitive native craft, entirely unsuited for the heavy and important burden so suddenly thrust upon them. It therefore became imperative that the situation be corrected without delay.

A small automobile ferry was obtained, but this proved inadequate even on an interim basis.

The problem was recognized by ICA even before Laos achieved final independence and in 1954, under our Indochina aid program, a project agreement in the amount of \$275,000 was issued to cover the procurement of ferry craft. On May 31, 1955, a procurement order (PIO/C) was issued, but no procurement action was effected against it, due to inadequate specifications. However, several American firms had been asked to supply drawings. No action was taken to obtain adequate specifications and the PIO/C was permitted to expire on January 31, 1956.

The Electric Welding Co., which was one of the American firms that had been requested to submit drawings, wrote to the Department of State under date of May 23, 1956, asking whether or not the ferries had been procured. (The company had received no reply to the several letters it had written to the USOM.) The Department forwarded the correspondence to the USOM and received a reply from Carter dePaul stating that the funds available under the original PIO/C had been deobligated, but that when new procurement plans were completed and calls for bids announced, full consideration would be given to the American firm.

Under the fiscal year 1956 aid program, plans for the Mekong crossing were reactivated. Specifications for three pusher tugs and two steel barges were prepared by an engineering firm under ICA contract. ICA/Washington also informed USOM director dePaul that invitations to bid must include four American firms.

On August 3, 1956, after ICA/Washington had refused dePaul's request for a waiver of worldwide procurement on an "emergency" basis, USOM/Laos issued an international call for bids with a submission deadline of September 1, 1956. Copies of the invitation were air-pouched to ICA/Washington on August 7, and on August 15, ICA/Washington sent the invitations to four American firms, which, because of the USOM-established deadline, *had only 15 days* to prepare and submit their bids *in Laos*. By doing this, Director dePaul made it physically impossible for any American firm to submit a responsible bid, and accomplished his stated purpose of eliminating American competition.²⁰

Because this violated ICA regulations, which set a minimum of 30 days for the return of bids in such cases, ICA/Washington requested USOM/Laos to extend the deadline to October 1, 1956. On August 22, Director dePaul replied that an extension was not feasible, which unsupported statement was not challenged by ICA/Washington.

Hong Kong Transportation Co. was selected early in September, and Director dePaul immediately notified the company of this fact. Despite this "emergency" action, it was not until February 11, 1957, that the contract was actually signed.

Since the mission had permitted this high priority project to wither on the vine for almost 3 years, the subcommittee decided to examine the matter to determine, if possible, what factors, other than the stated one of "emergency," may have influenced director dePaul's

²⁰ See hearings of Apr. 13, 1959.

decision to move with such haste that American firms were effectively prevented from submitting competitive bids.

The subcommittee found that two of the principals representing Director dePaul in the selection of the Hong Kong Transportation Co. were Edward T. McNamara, USOM Public Works Officer, and William E. Kirby, ICA Area Transportation Advisor.

McNamara testified that in July of 1956 he and Kirby went to Hong Kong to investigate shipbuilding facilities in that area, and to see what companies might be interested in bidding on the ferries that were to be constructed. He stated that Kirby introduced him to J. H. Vaughan, a principal in the Hong Kong Transportation Co., and that they visited the company's yard to examine its operations. He said that although he and Kirby remained in Hong Kong for about 4 days, they did not investigate any other companies. McNamara also testified that on this trip, and five or six other trips which he made to Hong Kong with Kirby in connection with this matter, his hotel expenses were paid for by Vaughan. McNamara also testified that he was entertained in Hong Kong for several days by Vaughan at the time he (McNamara) was returning to the United States upon completion of his tour of duty in Laos.

The subcommittee's investigation also disclosed that Kirby, who had known officials of the Hong Kong Transportation Co. prior to his employment with ICA, was most active in promoting the interests of that company in connection with the contract herein discussed. Shortly after the contract was signed, Kirby resigned his job with ICA and accepted employment with the Pacific Island Shipbuilding Co., a division of Hong Kong Transportation Co.

The subcommittee noted that, when the Personnel Security and Integrity Division of ICA was investigating the possibility that a conflict of interest might be involved in Kirby's accepting this employment, neither Director dePaul nor Kirby informed the agency of Kirby's intimate connection with the procurement of tugs and barges from the Hong Kong Transportation Co.

The subcommittee's investigation also disclosed that on August 20, 1956, approximately 10 days before Kirby participated in the selection of Hong Kong Transportation Co. as the successful bidder, he deposited in his account in the Bank of America the sum of \$500, which was received from that company.²¹

The subcommittee's invitations to Kirby and Vaughan, to appear with their records to testify concerning the above matters, were declined.

This entire transaction is but another illustration of how administrative abuses and collusion can arise when established procedures are ignored in the name of "emergency".

Director dePaul's action in this case did not result in any time saving and, in fact, may have delayed the entire project. This was pointed out to dePaul in a communication dated January 17, 1957, from former ICA Director Hollister, which reads in part:

* * * There is some question, however, as to whether this emergency would have occurred had USOM followed ICA/Washington instructions contained in paragraph 3 of

²¹ In a telegram dated Apr. 23, 1959, to the subcommittee from Hong Kong signed PACSHIPCO (cable address of J. H. Vaughan) this transaction was described as "in settlement for Kirby advance local currency to Vaughan."

ICATO 886, dated May 31, 1956, which approved the fiscal year 1956 PPA for USOM issuance and requested that the PPA and implementing documents be forwarded to ICA/ Washington. The PPA and ProAg were received in ICA/ Washington on June 30, 1956. However, the PIO/C was not initiated by USOM until August 3, 1956, at which time USOM also initiated the invitation to bid. Thus, the mission did not wait for ICA review and issuance though this was indicated as necessary in ICATO 886. USOM's failure to follow instructions resulted in voluminous correspondence over a 3-month period in the effort to obtain a post facto approval of the action. Had USOM submitted the PIO/C concurrently with the PPA and ProAg as requested, the entire matter could have been settled within 30 days and without any breach of standard procedure having taken place.

* * * * *

* * * It is recognized that USOM took its action as an emergency measure, but, as has been pointed out before, no time was saved in so doing. It may well be said that USOM's action increased the procurement time. Had USOM submitted a properly documented request for USOM procurement, it is reasonable to believe that the matter would have been handled with dispatch (see M.O. 1100.5, par. 2D). Further, if USOM had followed the prescribed procurement procedures, the delays experienced in this instance would not have occurred, and the Agency would not have been left open to the possible Executive, congressional, and public criticism to which it is now vulnerable.

ICA officials also testified that although dePaul had no authority to award a contract of this amount,²² his actions placed ICA in such a position that they felt impelled to give retroactive approval.

OPERATION BOOSTER SHOT

In May 1958, special elections were held in Laos to fill 21 seats in the National Assembly. In the fall of 1957, with an awareness of the forthcoming elections, Ambassador Parsons contemplated the cumulative results of the U.S. aid program to date. He was concerned with the possibility that its shortcomings might become election issues for the Communists.

He was apparently impressed by the aid program's obvious neglect of the needs of the typical Lao, the rural villager or farmer. In an effort to remedy this shortcoming, the Ambassador conceived Operation Booster Shot.

Basically, this activity was a village aid program. The physical condition of the population in most remote areas was reported to be very bad. Few of the villages could be reached by road, and in most cases aid from Vientiane would have to be sent in primarily by air. In fact, most of it would have to be air-dropped due to a lack of air-strips usable by cargo-carrying planes.

²² dePaul's authority was limited to the award of contracts for \$25,000 or less. This contract was for \$275,000.

Humanitarian considerations, political concern, and the practical limitations of logistics, then, were the background against which this program was conceived and executed. Mutual security funds amounting to \$400,000 were expended under the program. Its total actual cost, however, was considerably higher, since many of the goods air-dropped into the rural areas of Laos came from U.S. stocks in the area, and the \$400,000 figure also omits the costs of aircraft operation. The subcommittee has received estimates, by reliable sources, that the total cost may have exceeded \$3 million.

The program took the form of more than 90 work projects, including well digging, erection of small irrigation and flood control dams, repair of schools and temples, repair of roads and airfields, and construction of hospitals; and the dropping of some 1,300 tons of food, medical, and construction supplies and other useful commodities.

The program did not overcome the Communist elections slogans, related to the U.S. aid program, of "governmental corruption", "governmental indifference," or "U.S. domination." The election, as noted elsewhere in the report, was a Communist victory.

It did, however, bring aid of a real and vital nature to some Lao citizens, other than the handful of officials and merchants who had previously been its primary beneficiaries. It also pointed the way to worthwhile modifications in the program, with more stress on economic and less on military matters, but this suggestion has not yet been heeded.

The most impressive commentary on this program, and for that matter on the entire aid program in Laos, is contained in a dispatch from present U.S. Ambassador Horace Smith to the Department of State. Under date of June 18, 1958, commenting on the results of Operation Booster Shot, he said:

Direct aid operations should be continued. * * * It might even become the rule rather than the exception in the successful administration of our foreign aid program in Laos. It can safely be said that this particular aid program * * * has had a greater impact on Laos *than any other aid program* which the United States has undertaken in this area to date. (Italics supplied.)

It apparently took an emergency situation to evoke the only aid program that took account of the real needs of Laos. When the emergency was over, the program was abandoned. The lessons which should have been learned were promptly forgotten.

DIVERGENT EVALUATIONS OF THE LAOS PROGRAM

When confronted with the host of deficiencies which have plagued our aid program in Laos from the beginning, officials of the concerned departments usually seek to justify the entire operation with a single statement: "Laos hasn't yet gone Communist."

Testimony by various officials of the Departments of State and Defense before different congressional committees illustrates a division of opinion which relates to this point. The question in issue, to which all of the excerpts which follow are addressed, is this: Did the negotiated agreement between the Royal Lao Government and the Pathet Lao, which had been opposed by the United States, represent a victory

for the Pathet Lao, or for the RLG and hence for the U.S. aid program? (Under the terms of this settlement, the two northern provinces were surrendered to the Royal Lao Government, while the Pathet Lao became "legal" and received Cabinet seats.)

Four excerpts from the testimony of Assistant Secretary of State Walter Robertson before various congressional committees reflect his developing views on the situation:

1. June 1956, House Appropriations: He considers Pathet Lao occupation of the two northern provinces of Laos "a very serious situation," and deplores continued Pathet Lao "defiance"—i.e., they won't get out.

2. July 1956, Senate Appropriations: He notes that the Pathet Lao have "forcefully prevented" the RLG from taking over administration of the two provinces, as was provided in the Geneva Agreements—i.e., the Lao Army can't get them out.

3. June 1957, Senate Foreign Relations: He notes that the Pathet Lao "continue to flout the Geneva Agreements," and remarks upon a new Communist tactic; "they have made offers of coalition government which are in reality designed to facilitate Communist infiltration and subversion"—i.e., the Lao Army still can't get the Pathet Lao out, but they are willing to get out voluntarily, if they can do so on their own terms.

4. March 1958, Senate Foreign Relations: He notes that the Pathet Lao made use of the inability of the Lao Army to drive them out by negotiating "*successfully* in November 1957 a coalition government which netted them two cabinet positions, other administrative participation, and legal status as a political party." He concludes, "This may extend Communist influence dangerously in Laos"—i.e., the negotiated settlement was a Communist victory.

Appearing before the Senate Foreign Relations Committee the same day as Robertson (March 1958), Capt. Berton A. Robbins, U.S. Navy, then Director, Far East Region, Office of the Assistant Secretary of Defense for International Security Affairs, expressed a similar view:

Although the integration of the Pathet Lao representatives into the Laotian Cabinet and armed forces has stopped overt military hostilities for the time being, the danger of subversion perhaps has been increased.

J. Graham Parsons, former U.S. Ambassador to Laos, appearing before the House Foreign Affairs Committee shortly thereafter (May 1958), took a contrary view. Optimistic about the election that was just taking place, he foresaw a future in which the Communists would lose their two Cabinet seats and the RLG would have gained the two northern provinces without bloodshed or any actual concession. On this occasion, he concluded:

If this is the situation—and I hope I am not overconfident when I express some confident optimism—if this is the situation in Laos, it will be due, in part, to our aid and will, I hope, indicate, in part, what you gentlemen and the rest of us will have received in value for our aid money.

Parsons was saying, in other words, that the negotiated settlement was a victory for the RLG and the U.S. aid program. Compare this

observation with the statements of Mr. Robertson and Captain Robbins in item 4 above.

Parsons also appeared before the House Appropriations Committee, in June 1958, *after* the election results were in (of 21 contested seats, the Communists won 9 and their sympathizers 4), and expressed a similar view. On this occasion, he noted that Laos was the only instance where territory had been "recovered" from the Communists, although he was silent about the price paid for this "recovery." Again, he placed the "credit" for this upon the U.S. aid program:

(Laos) is a country where the aid program is responsible in very large part for not only maintaining its independence, but for making it possible for the Government to reunite the country and to work toward consolidating the reunified country.

The divergence between the testimony of Parsons and Robertson is particularly interesting in that Parsons has just replaced Robertson as Assistant Secretary of State for Far Eastern Affairs.

That a similar schism also exists in the Department of Defense is demonstrated by comparing the earlier cited testimony of Robbins (from the "military" element of Defense's Office of International Security Affairs) with that of Charles H. Shuff, Deputy Assistant Secretary of Defense for International Security Affairs (a "civilian" representative). Shuff goes further than Parsons; he refers to the negotiated settlement as a "capitulation" by the Communists. Appearing before the House Appropriations Committee at the same time as Parsons (June 1958), he stated:

The fact of the matter is the test out there is on the real estate, and they did capitulate. Whatever we have given them must have done some good. Otherwise, the whole piece of real estate might have gone to the Communists prior to this time.

In summary, Parsons, who fought the settlement as long as he could, and who was the best equipped of these witnesses to know the dangers of the Pathet-Lao integration, seems to have ignored the facts in reaching the opinions he so optimistically expressed to the Congress. Shuff's argument is less sophisticated and seems to assume, rather than demonstrate, causal relationship between the aid program and the political status of Laos.

This subcommittee cannot understand how two experienced senior officials of the Department of State, Robertson and Parsons, working together closely day after day, having available to them identical information and field reports, could have reached and expressed to the Congress two such diametrically opposed views of the same situation.

It seems to us that the facts bear out the view expressed by Mr. Robertson, but the Congress could scarcely have known this when Mr. Parsons was testifying, for the underlying information available within the Department was not presented. How can the Congress know what to believe, how can it make the decisions necessary to carrying out its responsibilities, when this sort of incident can occur?

Since one of these presentations was before a House committee and the other before a Senate committee, one might wonder whether either

had been deliberately slanted to accommodate differences in points of view of the members of these two congressional bodies.

CONTINUING NATURE OF DEFICIENCIES

The International Cooperation Administration and the Department of State are usually very reluctant to admit the existence of *any* specific errors in their administration. In those cases—and there are many—where the facts cannot be denied, it seems to be almost a standard response that the criticisms are directed to conditions and matters which are ancient history and that everything in the particular program or country criticized has been remedied in the interim and is now without fault.

It should be noted, however, that only a few of the deficiencies noted in the Laos program were *new* to the subcommittee's experience. The criticisms that can be made of the Laos program today are almost identical in general substance with the criticisms we made of the foreign aid program in Iran 2 years ago.²³ In the interim, we have conducted further inquiries on the foreign aid program, held a number of hearings, issued several additional reports, and visited a dozen of the countries receiving U.S. aid. In each instance²⁴ we have found certain recurring deficiencies, including:

1. A lack of adequate advance planning on country programs and specific projects.

2. The absence of any clear and complete explanation of how the level of aid for any country has been determined; i.e., why a particular country program is to cost X dollars, instead of some other amount.

3. Defective standards and procedures for the award and administration of contracts.

4. Lack of effective procedures to prevent conflicts of interest or other improper activities of ICA employees; that this can actually lead to fraud and corruption has been adequately demonstrated by our findings in Laos.

5. Lack of adequate control over expenditures of both dollars and local currency.

6. Inadequate end-use checking; i.e., lack of controls sufficient to insure that expenditures are actually made for declared purposes, and that items procured under the aid program have in fact been put to use as intended.

7. Excessive use of cash grants of dollar aid, with corresponding under-use of aid in kind.

8. Inadequate controls over commodity import programs.

9. Poor coordination among departments, between field missions and Washington, and among various ICA divisions in Washington.

10. General failure of the executive branch to take remedial action based upon factually supported criticisms, even when those criticisms stem from executive employees whose jobs entail the specific function of evaluation.

²³ U.S. Aid Operations in Iran, 85th Cong., 1st sess., H. Rept. 10.

²⁴ See the following reports of this subcommittee dealing with foreign aid: H. Rept. 1985, 84th Cong., 2d sess., "U.S. Technical Assistance in Latin America"; H. Rept. 1374, 85th Cong., 2d sess., "Use of Defense Support Funds for Economic and Political Purposes"; H. Rept. 449, 85th Cong., 1st sess., "Review of the Budget Formulation and Presentation Practices of the International Cooperation Administration"; H. Rept. 2012, 85th Cong., 2d sess., "Foreign Aid Construction Projects."

All of these deficiencies, and more besides, were present in the U.S. aid program in Laos.

SUMMARY OF PRESENT SITUATION IN LAOS

In summary, the decision to support a 25,000-man army—motivated by a Department of State desire to *promote* political stability—seems to have been the foundation for a series of developments which *detract* from that stability.

Given that decision, the minimum size of the necessary aid program was inexorably established at a dollar value far beyond the estimated rate at which the Lao economy could absorb it. From this grew intensive speculation in commodities and foreign exchange, productive of inflation, congenial to an atmosphere of corruption, and destructive of *any* stability, political or economic.

With so much of the aid available for Laos earmarked for support of military forces, little attention was paid to programs which might reach the people of the villages. The aid program has not prevented the spread of communism in Laos. In fact, the Communist victory in last year's election, based on the slogans of "Government corruption" and "Government indifference" might lead one to conclude that the U.S. aid program has contributed to an atmosphere in which the ordinary people of Laos question the value of the friendship of the United States.

The army, which was too large for the economy to handle, was inadequate to perform its appointed mission. Against a much smaller force, it was unable to enforce Communist compliance with the Geneva agreements, which required evacuation of the two northern provinces and their return to the control of the central government. The presence of troops throughout the country may have assisted generally in the maintenance of order, but one may properly question, weighing all factors in the balance, if this was the most effective device.

The inability to remove the Communists from the northern provinces by diplomatic pressure or military force led to a compromise solution which admitted Communists to the Government and which established the Communist Party, Neo Lao Hak Xat, as a legal, above-ground political party.

Recently (January 1959), the Cabinet was given "extraordinary powers" by the National Assembly, which was thereupon dissolved. In effect, this means that for a year the Cabinet exercises dictatorial powers. One of its first acts was to purge itself of Communist members. Other actions since indicate that some housecleaning is underway. In the interim, however, the Communists, being "legal," have acquired a certain amount of prestige in the countryside which will be difficult to destroy.

Another hopeful recent (October 1958) development has been agreement of the United States and the Royal Lao Government upon a realistic exchange rate (80 kip to US\$1). This has had the effect of destroying the free market, and it has done so without any of the inflationary effects that "economic experts" had predicted; in fact, its effect has been deflationary, and the cost of living in Laos has dropped about 25 percent since the currency reform.

Foreign exchange is now freely available at the new rate, and the temptations to speculation and corruption are lessened. It is un-

fortunate that Department of State vacillation should have delayed currency reform for 4 years, when it was recognized as one of the key problems in Laos that needed correction.

These recent developments, although they seem to provide an atmosphere in which a better program is possible for the future, do not automatically insure such a program. It is the opinion of the subcommittee that study of the balance of this report will indicate that needed reforms are many in number, and that they are required at all levels of the aid program in Laos.



Mr. HARRIS. Mr. Speaker, I think the record for 24 years is well known. Remarkable programs have been developed in an effort to find a solution looking to the elimination of waste. Therefore, I believe that the extension of this program for another 4-year period is justified, as it has been in the past.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. The gentleman from West Virginia [Mr. BAILEY] was complaining about that 50 cents a ton that Canada charges. That just matches the 50 cents that his John L. Lewis gets on every ton.

Mr. BAILEY. At least we keep the 40 cents per ton at home.

(Mr. HARRIS asked and was given permission to revise and extend his remarks.)

Mr. AVERY. Mr. Speaker, there is little that I can add to the remarks that have been made by our distinguished chairman, the gentleman from Arkansas [Mr. HARRIS]. I would like to remind the House that this is an extension of an agreement that has been operative since 1935. There were 6 States in this compact as it was originally entered into and now that number has gone up to 29. I might be able to make a contribution to the thinking of the gentleman from Illinois because I am sure he is attempting to understand the facts of this compact. As an example of one of the accomplishments of the compact, there is not only the question of more conservation, but also the matter of secondary recovery. The approach on research that has developed in the secondary recovery process has largely been the result of the interstate oil compact. It has been one of the vehicles that has greatly accelerated the secondary recovery process which has released a considerable amount of energy for consumers of this country.

Mr. Speaker, we have no other requests for time.

GENERAL LEAVE TO EXTEND

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may extend their remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. EDMONDSON. Mr. Speaker, I favor the passage of this resolution.

The Interstate Compact Commission's headquarters office is located at Oklahoma City, and we in Oklahoma are proud of the work the Commission has done in the field of conservation of a great resource.

The gentleman from Kansas [Mr. AVERY] has mentioned the Commission's work on secondary recovery, and I want to join him in his commendation of this very worthwhile effort.

I hope the resolution will be overwhelmingly approved in order that the Commission's vital work may continue.

The SPEAKER. The question is on suspending the rules and passing the

joint resolution, House Joint Resolution 280.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the joint resolution was passed.

A motion to reconsider was laid on the table.

PROVIDING PAYMENT OF ANNUITIES TO WIDOWS AND DEPENDENT CHILDREN OF COMPTROLLERS GENERAL

Mr. MONAGAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 7062) to provide for payment of annuities to widows and dependent children of Comptrollers General, as amended.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Budget and Accounting Act of 1921 (42 Stat. 20-27), as amended, is further amended by adding after section 318 a new section designated as section 319 and reading as follows:

"Sec. 319. (a) Any Comptroller General of the United States, within six months of the date on which he takes office, or in the case of the Comptroller General currently in office and any retired Comptroller General, within six months after enactment of this section, may in writing elect a reduction in his salary and retirement pay for purposes of survivorship benefits as hereinafter provided.

"(b) There shall be deducted from the salary and retirement pay of any Comptroller General or retired Comptroller General making an election to receive survivorship benefits a sum equal to 3 per centum of his salary and retirement pay.

"(c) Each Comptroller General, or retired Comptroller General, making an election to receive survivorship benefits, shall deposit with the General Accounting Office for covering into the general fund of the Treasury as miscellaneous receipts a sum equal to 3 per centum of his salary and retirement pay received by him as Comptroller General prior to the date current deductions begin from his salary and retirement pay, and of his basic salary, pay, or compensation for service as a Senator, Representative, Delegate, or Resident Commissioner in the Congress of the United States and for any other civilian service which may form the basis of a widow's annuity as provided in subsection (n) of this section, with interest thereon at the rate of 4 per centum per annum to December 31, 1947, and 3 per centum per annum, thereafter, compounded on December 31 of each year. The current deductions from salary or retirement pay shall be regarded as effective as of the date the election of reduced salary and retirement pay for purposes of survivorship benefits is made.

"(d) Notwithstanding the failure of a Comptroller General or a retired Comptroller General to make the deposit under subsection (c), credit shall be allowed for the service rendered, but the annuity of the widow shall be reduced by 10 per centum of the amount of such deposit, computed as of the date of death of a Comptroller General or retired Comptroller General, unless such widow shall elect to eliminate such service entirely from credit under subsections (n) and (o) of this section.

"(e) In case any Comptroller General or retired Comptroller General who has elected to bring himself within the purview of this section shall die while in office, or die while in receipt of retirement pay in accordance with section 303, after having rendered at least five years of civilian service computed as described in subsections (n) and (o) of

this section, for the last five years of which the salary deductions provided for by subsection (b) of this section or the deposits required by subsection (c) of this section have actually been made—

"(1) if such Comptroller General or retired Comptroller General is survived by a widow but not by a dependent child, there shall be paid to such widow an annuity beginning with the day of his death or following the widow's attainment of the age of fifty years, whichever is the later, in an amount computed as provided in subsection (n) of this section; or

"(2) if such Comptroller General or retired Comptroller General is survived by a widow and a dependent child or children, there shall be paid to such widow an immediate annuity in an amount computed as provided in subsection (n) of this section, and there shall also be paid to or on behalf of each such child an immediate annuity equal to one-half the amount of the annuity of such widow, but not to exceed \$900 per year divided by the number of children or \$360 per year, whichever is lesser; or

"(3) if such Comptroller General or retired Comptroller General leaves no surviving widow but leaves a surviving dependent child or children, there shall be paid to or on behalf of each such child an immediate annuity equal to the amount of the annuity to which such widow would have been entitled under paragraph (2) of this subsection had she survived, but not to exceed \$480 per year.

"(f) The annuity payable to the widow hereunder shall be terminable upon her death or remarriage. The annuity payable to a child hereunder shall be terminable upon (1) his attaining the age of eighteen years, (2) his marriage, or (3) his death, whichever first occurs, except that if such child is incapable of self-support by reason of mental or physical disability his annuity shall be terminable only upon death, marriage, or recovery from such disability. In the event of the death of a widow leaving a dependent child or children of a Comptroller General or retired Comptroller General surviving her the annuity of such child or children shall be recomputed and paid as provided in paragraph (3) of subsection (e) of this section. In any case in which the annuity of a dependent child, under this subsection, is terminated, the annuities of any remaining dependent child or children shall be recomputed and paid as though the child whose annuity was terminated had not survived such Comptroller General or retired Comptroller General.

"(g) As used herein—

"(1) The term 'widow' means a surviving wife of a Comptroller General or retired Comptroller General who either (A) shall have been married to such individual for at least two years immediately preceding his death or (B) is the mother of issue by such marriage, and who has not remarried.

"(2) The term 'dependent child' means an unmarried child, including a dependent step-child or an adopted child, who is under the age of eighteen years or who, because of physical or mental disability, is incapable of self-support.

"(h) Questions of dependency and disability arising under this section shall be determined by the General Counsel of the General Accounting Office, whose decision shall be final and conclusive.

"(i) In any case in which a Comptroller General who has elected to bring himself within the purview of this section is separated from the service prior to becoming entitled to retirement pay as provided in section 303, he shall be paid the total amount deducted from his salary, with interest thereon at the rate of 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded

on December 31 of each year to date of separation.

"(j) In any case in which (1) any Comptroller General (A) dies in office before completion of five years of civilian service as prescribed in subsections (n) and (o) of this section, or (B) after completing five years of such service dies in office without any survivors entitled to an annuity as provided in subsection (e) of this section, or (2) in any case in which any retired Comptroller General dies without any survivors entitled to an annuity as provided in subsection (e) of this section, the total amount deducted from his salary and retirement pay with interest thereon at the rate of 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded on December 31st of each year to date of death, shall be paid to the person or persons surviving at the date title to payment arises, in the following order of precedence, and such payment shall be a bar to recovery by any other person:

"First, to the beneficiary or beneficiaries designated by a writing of a Comptroller General or retired Comptroller General received by the General Accounting Office prior to his death;

"Second, if there be no such beneficiary, to the widow of such Comptroller General or retired Comptroller General;

"Third, if none of the above, to the child or children of such Comptroller General or retired Comptroller General and the descendants of any deceased children by representation;

"Fourth, if none of the above, to the parents of such Comptroller General or retired Comptroller General;

"Fifth, if none of the above, to the duly appointed executor or administrator of the estate of a Comptroller General or retired Comptroller General;

"Sixth, if none of the above, to such other next of kin of such Comptroller General or retired Comptroller General as may be determined by the General Counsel of the General Accounting Office to be entitled under the laws of the domicile of such Comptroller General or retired Comptroller General at time of his death.

"Determinations as to the widow or child of a Comptroller General or retired Comptroller General for the purposes of this subsection shall be made by the General Counsel of the General Accounting Office without regard to the definition of these terms in subsection (g) of this section.

"(k) In any case in which the annuities of all persons entitled to survivor annuities terminate before the aggregate amount of annuity or annuities paid equals the total amount deducted from the salary and retirement pay of a Comptroller General or retired Comptroller General, with interest thereon at 4 per centum per annum to December 31, 1947, and 3 per centum thereafter, compounded on December 31 of each year, to the date of his death, the difference shall be paid in the order of precedence prescribed in subsection (j) of this section.

"(1) Any accrued annuity remaining unpaid upon the termination (other than by death) of the annuity of any survivor of a Comptroller General or retired Comptroller General shall be paid to such survivor. Any accrued annuity remaining unpaid upon the death of any such survivor shall be paid in the following order of precedence:

"First, to the duly appointed executor or administrator of the estate of such person;

"Second, if there is no executor or administrator payment may be made after the expiration of thirty days from the date of death of such survivor, to such individual or individuals as may appear in the judgment of the General Counsel of the General Accounting Office to be legally entitled thereto, and such payment shall be a bar to recovery by any other individual.

"(m) Annuities granted under the terms of this section shall accrue monthly and shall be due and payable in monthly installments on the first business day of the month following the month or other period for which the annuity shall have accrued. None of the moneys mentioned in this section shall be assignable, either in law or equity, or subject to execution, levy, attachment, garnishment, or other legal process.

"(n) The annuity of a widow of a Comptroller General or retired Comptroller General who has elected to bring himself within the purview of this section shall be an amount equal to the sum of (1) 1½ per centum of the average annual salary received by him for service as Comptroller General and any other prior allowable service during the last five years of such service multiplied by the sum of his years of service as Comptroller General, his years of service as a Senator, Representative, Delegate, or Resident Commissioner in the Congress of the United States, his years of prior allowable military service and his years, not exceeding fifteen, of prior allowable service as a congressional employee and (2) three-quarters of 1 per centum of such average annual salary multiplied by his years of any other allowable service, but such annuity shall not exceed 37½ per centum of such average annual salary and shall be further reduced in accordance with subsection (d) of this section if applicable.

"(o) As used in subsection (n) the term 'service as a congressional employee' means service as defined in section 1(c) of the Civil Service Retirement Act, approved July 31, 1956, 70 Stat 743 (5 U.S.C. 2251). The term 'allowable military service' means honorable active service not exceeding five years in the aggregate in the Army, Navy, Air Force, Marine Corps, or Coast Guard, including service in the National Guard only when ordered to active duty in the service of the United States, when such military service is not creditable for purposes of retirement or retired pay under any other provision of law. The term 'other prior allowable service' means civilian service as an officer or employee of the United States or the District of Columbia, not otherwise covered by category (1) of subsection (n).

"(p) The total service of a Comptroller General or retired Comptroller General shall be the full years and twelfth parts thereof, excluding from the aggregate the fractional part of a month, if any.

"(q) Nothing contained in this section shall be construed to prevent a widow or dependent child eligible therefor from simultaneously receiving an annuity under this section and any annuity (including old age and survivor benefits) to which she would otherwise be entitled under any other law without regard to this section, but in computing such other annuity service used in the computation of an annuity under this section shall not be credited.

"(r) The annuities and refund of deposits authorized in this section shall be paid from appropriations of the General Accounting Office."

The SPEAKER. Is a second demanded?

Mr. GROSS. Mr. Speaker, I demand a second, but only for the purpose of making sure that we will have an explanation of the bill.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. MONAGAN. Mr. Speaker, this is a very simple bill. It was introduced by the distinguished majority leader, the gentleman from Massachusetts [Mr. McCORMACK]. The purpose of the bill is to remedy a defect in the retirement

system of the United States insofar as it applies to survivorship of the Comptroller General of the United States. Originally, in 1953 the system of retirement which pertains to Federal judges was set up. In 1956, the Federal judges were given survivorship benefits. In 1953, it was decided that the Comptroller General should be treated on the same basis as the Federal judges. Unfortunately, in 1956 when the judges were given survivorship benefits, this was not done for the Comptroller General. As a result, there is an obvious defect in the system so far as it applies to the Comptroller General. I might say this bill was reported unanimously from the subcommittee and from the full committee and has the approval of the Bureau of the Budget and the Civil Service Commission. There is no objection from the General Accounting Office. It is a matter of simple justice; of filling up this gap that exists in the retirement system of the United States, as it applies to the Comptroller General.

I hope that the House will vote favorably on this bill.

Mr. GROSS. Mr. Speaker, I thank the gentleman, and yield back the time on this side.

The SPEAKER. The question is on suspending the rules and passing the bill, H.R. 7062, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

AMENDING MUTUAL SECURITY ACT OF 1954

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 293) providing for the consideration of H.R. 7500, a bill to amend further the Mutual Security Act of 1954, as amended, and for other purposes, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. HAYS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

- Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 83]

Anfuso	Farbstein	Pirnie
Arends	Fountain	Powell
Ashley	Frazier	Riehlman
Baker	Frelinghuysen	Rostenkowski
Barden	Gathings	Santangelo
Belcher	Gavin	Scott
Betts	Glaimo	Shelley
Boykin	Goodell	Simpson, Pa.
Brown, Mo.	Healey	Spence
Budge	Jackson	Taylor
Canfield	Johansen	Teller
Celler	King, Utah	Toll
Cohelan	Lankford	Utt
Cooley	Mailliard	Whitten
Davis, Tenn.	Miller	Willis
Diggs	George P.	Withrow
Dollinger	Moeller	
Dorn, S.C.	Multer	

The SPEAKER. On this rollcall 383 Members answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AMENDING MUTUAL SECURITY ACT OF 1954

The SPEAKER. The Chair recognizes the gentleman from Massachusetts [Mr. O'NEILL].

(Mr. O'NEILL asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN]; and pending that, I yield myself such time as I may require.

House Resolution 293 makes in order the consideration of H.R. 7500, the Mutual Security Act of 1959. The resolution provides for an open rule, 4 hours of general debate, and waives points of order against the bill.

This bill would extend the Mutual Security Act of 1954, as amended, and would authorize \$3,642,600,000 to continue economic and military assistance in fiscal year 1960. This is about \$267 million less than what was requested by the executive branch. It is \$280 million less than the corresponding amount asked for last year by the executive branch. It is \$214 million more than was finally appropriated by Congress for the same programs last year, including the recent supplemental appropriation for the Development Loan Fund. The main item in this year's request are military assistance of \$1.44 billion, defense support of \$750 million, technical assistance of \$210 million, special assistance of \$250 million, a contingency fund of \$100 million, and \$800 million for the Development Loan Fund.

We are being asked to act upon one of the most significant pieces of legislation that will come before this House in the present session. The Mutual Security Act of 1959 is an important element of the whole national security program put forward by the President. Mutual security is one of the tools we give the President to strengthen our positions abroad. It is closely linked with our military strategy. It helps us to maintain essential bases on foreign soil.

It is our front line weapon in the economic cold war.

I will review briefly the four chapters into which the bill is organized.

Chapter I would authorize \$1,440 million of the \$1,600 million requested by the executive branch for military assistance for our allies in the free world collective security system. This program enables the United States to make its contribution to the strength of NATO, to the Southeast Asia Treaty Organization and to other nations, numbering 37, with which we are defensively allied. Short of a nuclear war, the continued freedom and will to resist by these other free countries may decide whether aggressive communism is to be restrained within its present limits. Military assistance includes modern weapons, training, and building of bases and facilities to defend against Soviet military force.

Chapter II includes under separate titles the several forms of economic assistance.

Title I relates to defense support. The executive branch has asked for \$835 million; the present bill would authorize \$750 million. This is economic assistance to 12 nations which have a special military role. Eleven of these countries form an encircling band around the Soviet bloc and Communist China that checks the outward press of communism. The 12th country, Spain, is the site of key air bases for our retaliatory force. All of these countries have limited economic strength. They must have external resources to shore up their economies against the drain caused by their heavy military contributions.

Title II would authorize new lending by the Development Loan Fund. The Loan Fund stands ready to help backward nations to move forward economically with an extra margin of needed external capital after all other sources—home and abroad, public and private—have been tapped. New capital of \$800 million proposed for the Development Loan Fund in this bill is \$100 million more than the executive branch asked for.

Title III authorizes technical assistance from our reservoir of skill and experience in industry, farming, medicine, education, to meet the urgent needs of the developing nations for trained people. The sum of \$179.5 million is asked for this. In addition \$30 million is the U.S. share of United Nations technical assistance. This is 40 percent of the total amount to be contributed by all countries.

Title IV would authorize \$250 million for special assistance in 15 countries and Berlin and for special programs in health and education. Spending from this fund will be for one of three objects: First, to maintain economic stability in countries which need our support to remain with the free world; second, to maintain U.S. base rights; third, to finance special programs to fight mass disease and conduct medical research, giving new hope to millions who today know only misery and sickness. Title IV would also authorize certain other programs including assistance to refugees, our contribution to the

U.N. children's fund and atoms for peace.

Chapter III of the mutual security bill would make available to the President a contingency fund of \$100 million to meet emergencies of the cold war.

Chapter IV includes general and administrative provisions.

In asking the House to consider the amendments to the Mutual Security Act, I should like first to say to the chairman and the members of the Foreign Affairs Committee that they may be proud of their work on this bill. Their report reflects the most exhaustive study of the voluminous material provided to them by the executive branch on every aspect of the program. They identified the key problems, the shortcomings in the executive branch proposals, and addressed themselves to the job of correcting the major deficiencies through changes in the legislation and recommendations in their report. The final product is a model of positive, forwardlooking, nonpartisan work by a committee of Congress. I urge each Member to examine the committee's report and to be guided by it in his action on this bill. The reductions that the committee has made in amounts, although drastic in certain categories have been judicious. I would be opposed to further reductions on the floor of the House made without fullest realization of the risks that might follow. The committee bill trims the mutual security program to a bare minimum. To go further would be to jeopardize essential security positions that the program sustains for our Nation.

The principal reduction recommended by the committee from the figures proposed by the President is one of 10 percent, \$160 million, in military assistance. In its report, the committee endorses the continued need to supply missiles and certain other modern weapons to NATO allies and to share in the cost of the NATO base, communications and facilities structure in the defense of the North Atlantic area. There is also a need for continued supply of weapons to other countries—Korea, Taiwan, Vietnam—which are in the front line of free world defenses against the Communist bloc or which are members of collective security groups that must have material support from us to be fully effective. In making its reduction, the committee urged that military aid to Latin America be on the lowest possible level, looking to a further decrease in the future.

The examination of the mutual security program by the Committee on Foreign Affairs has reflected the committee's conscientious awareness that this program is an integral part of our national security effort. The contributions we make to NATO defense through mutual security determines in large measure how effective will be this basic defense grouping on which our own safety hinges. Our action today will decide whether NATO will have the most modern weapons to defend Europe against the towering might of the Soviet bloc. By our example we can give new heart to the people of Europe in their determination to maintain and strengthen our common defense.

During its consideration of the Mutual Security Act last year, the Foreign Affairs Committee took the unusual step of raising by \$8 million the authorization requested by the President for technical cooperation. The purpose was to overcome weaknesses which the committee had uncovered in recruitment, training, and language instruction of ICA personnel. This new money, which was voted by the House and appropriated, has made it possible for ICA to hire more qualified people to fill vacant posts and to give better training to its staffs and their families going overseas.

Again this year the committee has found a shortcoming in the bill brought forth by the executive branch. It has reviewed the level of good applications for loans that the Development Loan Fund already has on hand. It has discovered that the money asked by the President would not stretch out over even a good majority of these carefully screened development projects, not to mention other good applications that will be received during the course of the next fiscal year. The committee has therefore raised the authorization for the Development Loan Fund from \$700 million proposed by the President to \$800 million. I would emphasize that this unusual action is a bipartisan one. It is not done to embarrass the executive. It is simply based on the information developed by the committee and follows from the prevailing opinion within the committee that we must give the Development Loan Fund the means to live up to its promise as the ultimate source of capital for free world economic development.

The committee sets great store in the Development Loan Fund, supporting an amount greater than the President has asked. The backward nations have turned to us, as they have turned to the other industrialized countries. They ask us—will we lend them our skills and experience and extra margin of capital they must have from outside to gain the momentum of economic growth. We know that if we answer "no," we leave them with a feeling of hopelessness that invites instability and chaos. Communism feasts on such conditions. Their resistance to Communist offers of aid will wither away, and the Communists will be ready to throw entangling nets of trade agreements, loans, technicians over selected victims.

The United States is today responsible for about half of the entire production of this earth. In other words, we produce and consume in this country as much as all other countries in the rest of the world combined. We are being asked to set aside to lend to the underdeveloped countries of the free world from the Development Loan Fund about one-fourth of 1 percent of this tremendous outpouring of machines, consumption goods, services, and agricultural products. This is at a time when our standard of living is rising at a rate of 4 percent a year.

We in Congress were critical in the past of the way the aid program was handled. The Development Loan Fund grows out of a recommendation by a congressional committee to have the

program administered on a more businesslike basis, shifting from grant aid to aid on a long-term loan basis with repayments tailored to suit the individual situations of the borrowing countries. The fund has gone through a trial period of almost 2 years. It has provided capital to an impressive and rapidly growing list of projects that are part of the development plans of the countries which need our help. The Foreign Affairs Committee's action in raising the authorization for the fund is in recognition of this success. I believe that the fund has justified the hopes of us in this House when we participated in its founding. We should give it the means today to carry on this necessary work.

The mutual security program seems to have attracted a small but loud body of critics who have been active this past year as in previous years. Some of these critics have made a good living out of writing books and giving speeches, repeating old unfounded charges and thinking up new ones. There are other critics, however, who have acted in a more responsible way. They accept the mutual security program's purpose as an essential means to protect the free world against Communist encroachment. They only ask that we do this job more effectively. It will never be possible to do this work with 100 percent efficiency any more than it is possible to fight a war with 100 percent efficiency. We in Congress must be vigilant to take every possible step to improve this program, to reduce waste to a minimum. At the same time we must maintain perspective so that we do not find that we have pruned it back so far that it simply does not have the resources to meet even highest priority needs of our security.

I know that the great majority of the Members of this House would be willing to support this bill in full measure if they could feel certain that it would accomplish for our Nation's security all that is claimed for it. I believe that the Members who do feel this way may be reassured at steps that have been taken or are proposed by the Committee on Foreign Affairs to tighten up the program.

The first of these actions resulted from the work of subcommittee for review of the mutual security program during hearings last December and January. Acting on the study made by this committee, ICA instituted major changes in its procedures to cut down on premature obligations of funds and to carry out projects more rapidly after they have been agreed on.

The Foreign Affairs Committee has made several changes in the Mutual Security Act with the object of increased efficiency. The principal change is in section 401(h), which would establish an Inspector General and Comptroller directly under the Under Secretary of State to check upon the efficiency and effectiveness of mutual security operations. The committee believes that creation of this new office would bring about better control and operation of the mutual security program.

The committee has also found extravagancies in supply of military equipment

to certain countries and a lack of cooperation by these countries in maintenance and use. In its report, the committee has called for curtailment of funds in some of the less-developed countries where these deficiencies have been found to exist.

The foreign ministers of the United States, Great Britain, France, and Russia are meeting in Geneva. We are told that the pressure which the Soviets have applied to Berlin and their strongly expressed desire for a summit meeting derives from a feeling on their part of new confidence in their growing strength. This confidence stems not only from their modern military power but their advancing technology and impressive economic progress. It is this economic progress that has enabled them to embark on an economic offensive that we must expect will grow and become more effective year by year as their own production rises. In the future we can expect that Communist pressures will increase in every way as they try to use their new strength to push outward from their own borders.

Our action on this legislation is closely related to the events in Geneva and Berlin. By voting for this bill we will be giving a convincing answer to those who question whether we are willing to make the sacrifices that our Nation's security demands. This means that we must give to the President the means to carry out our military responsibilities to our allies, sharing our modern weapons technology with them. We must provide resources for capital and skills needed by the new nations as they seek to advance in freedom. We must renew our support to nations on the Communist fringe whose continued existence depends on our help.

The outcome of the Geneva foreign ministers' meeting and of future meetings with the Communists will depend in large measure on the kind of response we make today in considering these amendments to the Mutual Security Act.

Mr. Speaker, I would like to congratulate the chairman of the committee, Dr. MORGAN, for the outstanding job that he has been doing as chairman of the Committee on Foreign Affairs. I recall, when he was new as chairman of the committee, coming before the Committee on Rules last year and facing the genial and able gentleman from Virginia, Judge SMITH, he looked at the Judge and he said, "I feel like the fat missionary that is facing the cannibals."

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from Iowa.

Mr. GROSS. Is it not most unusual to bring this bill to the House with points of order waived? And will the gentleman tell us why points of order have been waived on this bill?

Mr. O'NEILL. As I understand this bill there are three sections in the bill that account for that. On page 4 under "Utilization of Counterpart Funds" there is language as follows:

By inserting immediately before the colon preceding the first proviso the following: "or for the advancement of education, including the establishment, expansion, or operation of

schools, colleges, or universities for the promotion of vocational, professional, scientific, technological, or general education."

Then on page 7, starting with line 10, and on page 12, starting with line 9, paragraph (c), there was the possibility that points of order could be raised against this bill and held to be well taken. For that reason the committee saw fit to waive points of order.

Mr. GROSS. Is that also with respect to the establishment of an Inspector General?

Mr. O'NEILL. No. These particular points of order have nothing to do with the establishment of an Inspector General. I understand that one of the three items has to do with counterpart funds we have lying idle in various nations.

The President could ask for a program, for example of scientific knowledge, where we, using the counterpart funds for translations, let us say, of the Yugoslavian language to the English language, or the Pakistanian language into the English language or Arabian into English, to translate the scientific knowledge that they have and the medical knowledge they have. It was possible because of the nature of this legislation that there could possibly have been a point of order. Consequently, the committee thought it was best to waive points of order.

Mr. GROSS. But it is a most unusual situation that points of order should be waived on a bill of this kind?

Mr. O'NEILL. The committee has waived points of order before, of course, as you know, and it is the prerogative of the Committee on Rules, and the rules of the House give the Committee on Rules that right. I would say it is unusual, but in this particular instance, I do not think there is anything to get greatly alarmed about.

Mr. GROSS. So it provides that the taxpayer's money can be used without regard to the Appropriations Committee, to build schools and hospitals in foreign countries; is that correct?

Mr. O'NEILL. I would not say that. This is going to give us the use of counterpart funds which have been lying idle in various countries, and we are going to get some use out of the counterpart funds.

Mr. GROSS. I thank the gentleman.

Mr. BENTLEY. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield.

Mr. BENTLEY. I wonder if the gentleman from Massachusetts could tell the House why it was felt necessary to limit the rule to only 4 hours of general debate. It is my recollection that usually this legislation has had a rule allowing more time for general debate. I believe even this year, in this particular case, the chairman of the committee did request more time.

Mr. O'NEILL. The gentleman from Michigan is correct. The chairman of the committee requested more time, 6 hours, I believe. After giving it consideration and realizing that amendments were going to be offered, we thought that since more time would be spent on the 5-minute rule that 4 hours of general debate was all that was nec-

essary. It was the judgment of the committee that 4 hours would be sufficient plus the 1 hour on the rule.

Mr. BENTLEY. I understand. The unfortunate thing, of course, is that there are some 33 members of the committee, and providing 4 hours equally among them, would leave very little time for anyone other than members of the committee to participate in the general debate. Is that not correct?

Mr. O'NEILL. Of course, Members can always move to strike out the last word and get 5 minutes, which I have no doubt that Members will do.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield.

Mr. GROSS. Of course, the Committee on Rules has absolutely nothing to do with the control of the time under the 5-minute rule; is that not correct?

Mr. O'NEILL. The gentleman is correct.

Mr. GROSS. Why, certainly, that is the case.

Mr. O'NEILL. I think, perhaps, there is more opposition to this bill that arises from professionals. You know in this country of ours, we have people who are professional prohibitionists; there are professional segregationists; there are professional antireligionists and they have taken this in their professional stride crying against the mutual security bill. They have come up with all kinds of propaganda, some of it weird and some of it distorted.

Mr. FEIGHAN. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield.

Mr. FEIGHAN. With reference to your observation about professionalism and professional people being antagonistic toward this bill, it seems to me you are getting the cart before the horse. I believe it was just last year preceding the consideration of the mutual security bill on the floor that there was a tremendous banquet in Washington to which people from all over the country had been invited for the purpose of lobbying the Congress for this particular bill.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from Iowa.

Mr. GROSS. Will the gentleman tell us the source of that three-colored glossy-paper print job from which he read? Is that State Department propaganda that was printed at the taxpayers' expense?

Mr. O'NEILL. If I cannot have confidence in testimony presented to the committee by the State Department itself, then I surely am not going to put my confidence in Eugene Castle and others of his type.

Mr. GROSS. I just wanted to know what the gentleman was reading from.

Mr. O'NEILL. I am sure the gentleman knows its source.

Mr. Speaker, I yield the balance of the time on this side to the gentleman from Massachusetts [Mr. McCORMACK].

(Mr. McCORMACK asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Speaker, the President recommended a total of \$3,909,400,000, and after many hearings and long consideration the committee has reduced this recommended authorization by \$266 million.

As the committee report says, "the bill makes changes in emphasis in the program" and also "makes more efficient use of the dollars provided."

The world has been undergoing for some years one of its most trying periods. A powerful and viciously destructive force exists, bent on world domination. It is unnecessary to argue this well-known and self-evident fact. At issue is the right of people to determine freely their own form of government and the right of nations to be independent and of peoples to be free.

This is a period when those who believe in a government of laws and not of men must constantly be on their guard. This is a period that produces our strength, our faith, and our courage. It is no period for weakness, uncertainty, or fear. It is no period to rely solely on hope. It is well and wise to hope for the best but to prepare for the worst. It is a period that if we are going to err in judgment, it is better that we err on the side of strength than on the side of weakness. For we are dealing with an international conspiracy the entire opposite and enemy of our way of life that recognizes no law but the law of might. The only thing that the Communist leaders respect is what they fear, and that is strength, military strength, greater than they possess themselves. Anyone who thinks they can deal with the Kremlin on a moral level or on the level of idealism is closing their eyes to established facts and are actuated by fear or by false hope. The only level upon which the Kremlin can be dealt with is upon the level of the law of self preservation, for it is only strength they fear through respect that will operate as a deterrent. As long as we are strong, as long as we have the power to effectively retaliate, the reasonable possibility is that the Soviet Union will think long before they attack us. I have no objections to negotiations, in fact, long negotiations, if necessary, but to negotiate for progress through firmness and under no conditions to retreat. Instead of a summit meeting at any cost, what is needed is a meeting on the level. And, we are witnessing what is going on at Geneva, where the Soviets, with arrogance, submit terms which, if accepted, would mean capitulation on our part. If President Eisenhower adheres to his position, the American people will support him. For him and our allies to go to a summit meeting at any price would result in a second Munich, and Munich, based on hope alone, was the final act which led to World War II.

If we have learned anything from the events preceding World War II, it is that weakness and uncertainty is treated by vicious world killers as an open invitation to attack and to attempt to conquer.

What is going on now at Geneva and what will take place in the next year will likely be the keystone of the present

period of strain and tension. If we show weakness, I fear for the results in terms of independent nations and free peoples. What is being decided is not only the kind of a world we are going to live in but the kind of a world our children and our children's children are going to live in.

As I walk through the halls of the Capitol and I meet these youngsters, young America, the thought enters my mind, "What kind of a world are you going to live in?" My world is pretty well over. I have taken pretty well the journey of life, but I see these youngsters, as you do, not only here but in the streets of my home city of Boston, and other cities that I have visited, and immediately the thought comes to my mind: "What will be the kind of a world you are going to live in? What kind of a life confronts you?" The answer comes to me that it is being determined now. And, it will be based upon soundness of the present leadership in the free world and with special emphasis upon our own country; that it will depend upon our vision, our outlook, our courage, dependent upon our firmness as to the kind of a world your children and your children's children are going to live in. And, we must perform our duties with courage as Americans; not as Democrats or Republicans and, if necessary, without regard to political consequences.

There is too much at stake. The major part of that stake is the kind of a world your children and their descendants will live in. Make no mistake about that. We can close our eyes and becloud our minds if we want to, but the vicious minds of "world killers" and what they will put into operation will catch up with us, particularly when they see weakness and uncertainty among the leaders and the peoples of the free countries of the world.

The pending bill is an important and necessary part of our foreign policy and of our national defense. I do not like to appropriate money, but I am doing it because I consider the national interest of my country calls for it. We do not want to see America alone in the world today with the rest of the world dominated by communism. I would never admit that they could defeat us, but I never want to see that day come in the life of America, and I will make every contribution I can to avert it.

If the present bill is administered properly and effectively, it presents the means to affirmatively fight for the things we believe in, thereby effectively combating atheistic communism in its deliberate conspiracy and intent to dominate the world, for any war, cold, hot, or otherwise, cannot be won by being always on the defensive, by negative policies and actions. We must get on the affirmative. This bill, properly administered, enables our country and the free world to do so.

The committee has worked hard and long and ably. I congratulate the chairman and the members of the committee who voted to report this bill out. It is a bill that the Members of the House can support with confidence that its passage at this period of the world's history is

in the national interest of our country and the best interests of our people.

In conclusion, may I call the attention of my colleagues to the fact that we have a direct responsibility, each one of the 436 Members of the House and 98 Members of the other body. We are charged with direct responsibility, from the legislative angle, with the defense of our country and our own national interest. May I call attention to the fact that it was only within recent weeks that Khrushchev threatened West Germany, saying, "Eight bombs could obliterate you." He also threatened the rest of Europe; eight bombs could obliterate the rest of Europe. He went to Albania and threatened Italy and Yugoslavia and other countries. I think I am capable of interpreting that. He is trying to break up NATO. He is trying to destroy NATO. He is trying to divide and rule. We must have firmness before the fact, not after the fact. That is the road we must take in order to travel the best avenue to assure peace.

Mr. Speaker, as I say, this is a bipartisan effort. We Democrats lift ourselves above political considerations. We serve in this as Americans doing the best for our country, working in cooperation as Democrats and Republicans, all Members of the Congress, to put through a strong bill, an effective bill, that will make a marked contribution toward combating communism, combating it affirmatively, and a marked contribution toward bringing about the ultimate world peace that we all seek.

Mr. ALLEN. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, I, too, want first of all to commend the committee for what I think has been a very good job in connection with this bill. There are many people who will see things in it that they believe are bad, things that they would change. As far as I am concerned, I trust that we can go on to the adoption of this rule and that under the 5-minute rule, the people in charge of the bill will be generous enough so that we can thoroughly consider the measure and come to the right conclusion on it.

Personally I shall support the bill. I want to say, with the majority leader, that this is one of the measures that comes before us which we consider on a nonpartisan basis; maybe it is a bipartisan basis, but really it is a nonpartisan basis. I think I need only recall to those who were here in the 80th Congress that at that time the Congress was Republican and the President of the United States was a member of the Democratic Party. At that time we had the first proposals with respect to this program. Then, it was very obvious what the purposes and intentions of the Communists were. They were then determined to rule the whole world, even as they are yet determined to rule the whole world one way or the other.

When that became so obvious, recommendations were sent up to the Congress for interim aid to France and Italy and for aid to Turkey; subse-

quently the Marshall plan came along, and subsequently the creation of NATO. Congress—and I joined in the effort—responded on a nonpartisan basis. That was the beginning of these various programs.

I think it is only fair to say that some parts of the program have at times subjected the whole to criticism. Certainly there should be every effort to administer the program in the best possible way. But, believe me, from what I have seen of it, I know it is a difficult program to administer.

Also, it is obvious to all of us who have been here for some time that the question of support for or opposition to this measure divides us on both sides of the aisle. Some on my side support it, some have opposed it. The same is true of Members on the other side. Through the years there have been changes back and forth with respect to the matter of support.

I think I should say that the President of the United States views this proposition with greater interest, and more concern, and speaks of it more often than any other program about which I have occasion to talk with him or to hear discussed in his presence. He feels it is of tremendous importance to the security and defense of our country. And I say also that this is not the program of only the President or of your State Department, it is a program advocated after careful consideration by the military experts of the country who feel that this is a vital part of our own national defense. I realize it sometimes seems to be quite popular to call this a giveaway program. I do not even like the term "foreign aid" that some people use so much of the time. It is a mutual security program. It does not involve shoveling out billions of dollars of our own money just to be nice to people. A great part of the money is for military support and military defense and defense support. Perhaps there was a day when we did not need any offshore bases. Possibly there was a day when the Atlantic and the Pacific were great moats that protected us, and as long as we protected the surface of the seas, we were reasonably safe. But in this day of advanced, modern warfare, there is no adequacy in any such defense as that. So what do we have to do? We have to provide for offshore defenses of the United States of America, and that is essentially what this bill is and what it does.

The majority leader spoke of the avoidance of war; and that should be the objective of our foreign policy. That is the final, ultimate objective. We have had some critical situations around the world in recent years. But we have had no wars. I attribute that in great part to the strong, firm leadership and to the strong bipartisan backing in the Congress of the United States, and I attribute a very measurable part of it to the great deterrent to armed aggression that exists in the very fact that this program that we are talking about here today is in being. So I ask you to support the rule and to support the bill.

Mr. ALLEN. Mr. Speaker, I yield 10 minutes to the gentleman from Ohio [Mr. BROWN].

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, I want to be as realistic as I can in discussing this legislation and this rule. I want to be as factual as I can in discussing this legislation and the rule which makes it in order.

First of all, I want to say as a realist, I am rather certain in my own mind that this rule will be adopted and that this bill will be passed substantially in the form in which it has been presented. Next, as a realist, I want to say I believe all of us, every real American and every good citizen, is opposed to communism and the spread of communism. I think we can all agree that there has been a great appeal made here by the majority leader and the minority leader of the House to your emotions and to our detestation of communism and the spread thereof. I want to appeal to your reason; for at the same time, I think we should be factual.

It has been mentioned previously in debate as to the military assistance to foreign countries carried in this bill, and how it carries funds to protect us from the spread of communism. The fact is the committee reduced the request of the President for military assistance from one-billion-six hundred-and-some-odd million dollars to one-billion-four-hundred-and-some-odd million dollars. So the majority of the funds carried in this bill are not for military assistance to foreign countries, but purely for economic aid.

I think if you stop to think for just a moment, you will agree with me that these various foreign aid programs, and we have had them under all kinds of names and under all kinds of initials, have not worked too well or been too effective in stopping the spread of communism throughout the world, because today there are approximately twice as many human beings living under the control and rule of Communist dictatorships as there were when we started these aid programs. Now I voted for some of these programs in the beginning, when we were pledged, and when we were promised, in the well of this House, that if we would only just vote so and so for 1 year or 2 years or 3 years, as the case might be, under a program that might be described by this set of initials or by another set, that it would solve world problems and bring an end of our troubles with communism.

Yet when the chairman, Dr. MORGAN, and he is a very able gentleman, came before the Rules Committee in answer to a question of mine he said that he did not want to predict, but that the experts estimated it would have to carry on his program at least 10 years more. That we would have to continue this program, this very program that many of you senior Members of Congress were told from this very spot in the well of the House would last only 2 or 3 years, and then it would be over. And the doctor,

the very good doctor—for he was a very good witness, an honest, frank, able witness—told us that we had spent some \$42 billion on the mutual security or the foreign aid program alone since we started it; and, as I understood him, that amount did not include military aid.

It has been difficult to get exact figures, but so far, since World War II ended, we have spent between \$67 billion and \$72 billion of the American taxpayers' money on these various types of foreign aid programs. Yet we have been seeing the spread of communism everywhere. I asked the good Doctor, when he was a witness before the Rules Committee, if his committee had taken into consideration that the U.S. Government today owes \$286 billion—more money than all the other governments of the world combined? That we are running a Treasury deficit at the present time of \$1 billion a month, approximately: \$12 billion in the red this fiscal year; and that every dollar authorized in this bill will probably have to be borrowed? I questioned him at some length as to whether or not his committee had given any consideration to the moral, or the legal, or the constitutional right of any Member of Congress, through the powers of taxation, to reach into the pockets of any American citizen and take therefrom a part of his substance, thus lowering the living standards of his family in order to turn his money over to some foreign government to lift the living standard of some foreign family?

I asked him, and I ask you, if the other benefits and moneys the Government of the United States has been giving to foreign countries has been taken into consideration in the consideration of this bill.

The mutual security appropriations for 1959 amounted to \$3,298,092,500. That was considerably less—about \$350 million less—than is contained in this bill. That appropriation included \$33 million for ICA, the International Cooperation Administration and \$400 million for the Development Loan Fund. Later we voted an additional \$150 million for the Development Loan Fund as a part of the second supplemental appropriation bill. This money will not become available, or be used, until after July 1, in the fiscal year of 1960.

Then on top of all that I would like to point out that we gave as foreign aid in the fiscal year 1958, and we are giving approximately the same amount in the fiscal year 1959, some \$1,500 million in food and fiber to our allies across the seas, under provisions of Public Law 480. We also gave \$118,923,000 in that fiscal year for the U.S. Information Agency, a part of our foreign aid program.

In addition to that, we have furnished approximately \$7 billion, and have made available some \$4,500,000,000 more to make loans to foreign countries through the various lending agencies such as the International Bank, the World Bank, the Export-Import Bank, and other similar organizations. All in all, counting \$4.7 billion of mutual aid funds to be carried over into the new fiscal year of 1960,

there will be available for foreign aid purposes some \$15 billion if this bill becomes law.

I would like to point out, in answer to some of the statements that have been made about how this is necessary to fight communism, that this bill also carries funds to be given to Communist-controlled countries, dominated by Communists, and that we have given, not only hundreds of millions, but billions of dollars to countries and governments that owe their allegiance to Communist Russia. I question very much if those funds which we are spending for such purposes will help stop communism.

Let me point out, also, that a bankrupt America cannot long be a force for good in the world. That an insolvent U.S. Government cannot long be a bulwark against Communist aggression. That we cannot forever—170 million of us—continue to feed, finance, and police the world. That to preserve our own liberties and freedoms we must preserve our own strength. True we cannot live alone in this modern world, but we can, if we will—and we should—conduct our foreign relationships in enlightened self-interest. We must, of course give thought and consideration to the needs of others; but, first of all, we must give proper consideration to our own national needs, and to the welfare of the people we represent.

The specific thing I want to specifically point out in this bill, and the reason why I voted against the rule in committee, is that this rule waives points of order on the bill.

This bill would establish and start three new oversea activities as a part of our foreign aid program. First, it would permit the use of counterpart funds, which are simply foreign currencies for which we have paid in goods or services in some way, which belongs to us actually for the erection of schools and the operation of educational systems abroad. We would build schoolhouses abroad, start educational systems, hire teachers, staff the schools, and so forth, right at the very time we have before us legislation to give Federal aid to education here at home, a proposal that has been rejected three times by this same body in past years. Next, under this bill, we would set up and build hospitals in foreign countries, all at the expense of the American people through use of these counterpart funds, although we are having trouble taking care of our own hospitals and our own health services, here in America.

Then, next, this bill would set up an interpreting and translating organization in these various foreign countries, when we already are doing that very same thing through our Library of Congress, and through our Armed Forces. Finally, of course, and this is not subject to a point of order, we would set up a new job, an inspector general in the State Department, to check on its foreign aid program something that the Comptroller General is supposed to do, and has difficulty in doing, or making public to Congress, because the information he obtains is marked "classified"

or "top secret" and we are not permitted to see his reports.

I want to suggest in conclusion that you read carefully the minority committee reports, and the various statistics that are contained therein.

Mr. ALLEN. Mr. Speaker, I yield 3 minutes to the gentlewoman from Illinois [Mrs. CHURCH].

(Mrs. CHURCH asked and was given permission to revise and extend her remarks and to include certain tables.)

Mrs. CHURCH. Mr. Speaker, I listened with great interest to the speaker who claimed that the opposition to this bill came from professionals. As a member of the House Committee on Foreign Affairs, I would respectfully point out that even on the part of some of the members of that committee, there is honest questioning about the program, there is honest questioning about the plans, there is honest questioning about the implementation of the plans, there is honest questioning about the psychology on which the plans are based—and as to whether the American people are getting the results for which they are paying such tremendous costs.

When you say that the opposition comes from professionals, it is only fair to have also on the record the fact that there are six members of the House Committee on Foreign Affairs, some of whom have served there with me for over 6 years, who voted against reporting out this bill. These are they who believe that there is more faith in honest doubt than in mere continuation of the same program by the same means, even though the aim and purpose be, of course, agreed with, even though we too believe in mutual security.

Because I am limited in time, I merely suggest that you indeed read the report drawn up by four of the minority, and particularly the tables appended thereto which show the extent of the actual aid given by the United States since 1945. This minority report represents, of course, not the full opinion of each of the four signers, but is a fair statement of the common denominator of agreement among us.

In order to make this material easily available to you, I shall, under the permission just granted, insert the statement in the RECORD. I shall present there also, for your equally honest and thoughtful consideration, the tables showing the extent of U.S. aid since the end of World War II.

I ask you to read this material. I ask you to note the extent of the operations and the cost. I ask you whether or not what we are doing is being done effectively enough; whether what we are doing is being done along the right lines; whether all that we are doing is being done fruitfully; whether, in fact, continuation seemingly without end and without change can be justified. I think that you will agree that the time has come—as we in the minority think—for a complete review and revision of the concept and the program—and for a long and realistic look ahead to its effect on our national economy and, in fact, security.

MINORITY REPORT OF MR. PILCHER, MRS. CHURCH, MR. ADAIR, AND MR. BENTLEY

We assuredly believe in mutual security—but we do not believe that this proposed legislation, H.R. 7500, meets the challenge to build an actual system of mutual security or presents an adequately considered program to secure the peace and progress of the United States and the present troubled world.

In prior years we have expressed our strong conviction that passage of extravagant mutual security legislation is not and cannot be the answer to our basic need for peace and security. The mutual security bill for fiscal year 1960, as reported by the committee, authorizes \$3,643 million and represents a further abdication of congressional responsibility and control over the foreign-aid program despite increasing and incontrovertible evidence of waste, inefficiency in administration and execution, and, in one instance at least, graft and corruption. It is increasingly apparent that the policy and the programs to be authorized by this legislation have proved in large part to be not only wanting, but, in many instances, self-defeating.

This year, despite mounting dissatisfaction and disillusionment with this program among the people of the United States, this bill continues an unremitting expenditure of Federal funds for foreign aid, not knowing what its future course, size, or policies will be.

Eugene R. Black, president of the International Bank for Reconstruction and Development, in a speech made in Detroit, Mich., on April 20, 1959, had this to say about foreign aid:

"I am sure there would be less confusion and debate here and abroad over the American Government's efforts to promote economic growth abroad if as much emphasis was placed on the quality of help offered as on the quantity. As it is, the two words 'foreign aid' have become so elastic that they now embrace a host of special objectives—military, political, and commercial, as well as economic—so that it is often not at all clear just what is being attempted in a given instance * * *.

"When * * * loans and grants are used, as they have been, to aid, abet, and perpetuate policies in other countries which make economic growth virtually impossible, then we are asking for trouble. The result, as we have seen in more than one country recently, is a deterioration of the other nation's economy and a reaction, sometimes violent, against the very programs which were supposed to help * * *. These are serious weaknesses.

"The difference between effective assistance and a giveaway is not the difference between a loan and a grant; it is the difference between an insistence on sound financial and economic policies and no such insistence."

Again, on May 5, 1959, Mr. Black, speaking in London, England, made these remarks that are worth noting:

"For instance, it has been the fashion for some time to try to use finance as an instrument of diplomacy—a method of winning or cultivating friends among nations, for the purpose of maintaining or improving international alignments in a time of world tension.

"By now, I think, the limitations of this approach are plainly apparent. If the purpose of a particular offer of aid is to win gratitude, then the donor is likely to think that the act of giving or lending will of itself achieve the purpose. Whether the financing is for a project which is feasible or whether it meets an economic need of some priority tend to become secondary considera-

tions, and whether the economic purpose of the financing is finally achieved tends to become more secondary still.

"There are in a number of underdeveloped countries unhappy monuments to the wastefulness of this kind of approach—the great irrigation dam thrown across a valley whose soil is actually unsuited to cultivation; the steel mill able to stay in operation only with the help of high tariffs and of taxpayers' subsidies; the project ill planned, and then planned again, until its cost to the intended beneficiary has been multiplied four times or five."

Former International Cooperation Administration Director John B. Hollister, in an article in the Saturday Evening Post of March 28, 1959, entitled "Let's Get Tough About Foreign Aid," said:

"There is, of course, powerful opposition in both Congress and the administration to this quid pro quo concept of ICA's purpose. One group, for example, is constantly attempting to divert an increasingly larger percentage of our foreign-aid funds to the improvement of undeveloped parts of the world, regardless of our national interest. Because we are rich and powerful, the proponents of such a policy say, we should continue this program even if the cold war should come to an end. This is an entirely praiseworthy attitude of the majority of Americans in their private lives, but our administration, in my opinion, was not elected to act as agent for our philanthropies.

"An especially tough kind of realism is needed in this area of ICA's activities. The United States does have a real stake in keeping as many uncommitted nations as possible from being drawn into the Communist orbit through too much dependence upon Soviet aid. We cannot permit ourselves, however, to be lured into the fool's game of trying to outbid the Russians everywhere. That way lies bankruptcy.

"Working under these handicaps, we obviously have a great need for unity of purpose and action. We should speak with one voice around the world. Unfortunately, the tendency in Washington, both in the administration and Congress, is to fragmentize the aid program.

"If appropriations for the mutual security program are not to increase steadily and if we are to have an adequate reserve for new and pressing needs for aid which will inevitably arise, we must cut down on some of our existing programs and teach our friends abroad that our assistance is an emergency measure, not a continuing subsidy."

OVEREMPHASIZED EXPENDITURE

The principal objection to this program is that the mutual security we seek has not been accomplished by the vast expenditure of billions of dollars since World War II. It is not accomplishing and is not achieving the results that were intended. The greatest amount of criticism has arisen in connection with the improper administration and the unwise use of the funds of the program. The error, failure, and, in some cases, actual corruption within the administration of the program are far greater than can be considered—as is often claimed—to be inherent in a program of this magnitude. Nevertheless, in the face of such cold facts, no attempt has been made to reappraise the tremendous expenditures on the foreign aid program, of which the effectiveness should certainly be questioned.

Though consistent requests are made for more money, the question might even be raised as to whether a sparsity of money might not actually force economy and better

administration in the handling of the program. The executive branch was officially asked during the hearings what specific effect the proposed cuts would have on the entire program. No answers were ever forthcoming. From this it might perhaps be argued that failure to authorize the appropriation at this time might not be fatal to any part of the program.

It is estimated that as of June 30, 1959, there will be a total unexpended balance of \$4,871.2 million. The present bill would authorize an additional \$3,648 million. A total of \$8,534.4 million will be available for expenditure for fiscal year 1960. There must also be added a total of \$1,143.6 million in unexpended mutual security local currencies and Public Law 480 currencies administered by mutual security agencies. The wisdom of authorizing huge additional funds without stronger directives and control can certainly be questioned.

THE ENTIRE MUTUAL SECURITY ACT NEEDS RECONSIDERATION AND REVISION

The mutual security program is long overdue for review. Not since 1954 has there been any revision or any attempt to revise mutual security legislation. It is time we took a new look at our policy and programs. We urge a thorough study, a reappraisal, a redefining of foreign policies and statutes concerned with the goal of international peace and security.

The Marshall plan provided for rehabilitating war-torn industries in Western Europe. This proved to be a successful and beneficial operation. However, the expansion of this plan without adaptation or change to countries lacking political, commercial, and other similarities to our own system has not been equally successful. The funds authorized and appropriated each year by the Congress are of such a magnitude that a weakening in the financial structure of our country is very noticeable. New programs of a military and economic nature are being proposed for additional countries. As a result of new and expanding programs, an increase in personnel is required. In 1949, the Economic Cooperation Administration had 3,672 employees. As of March 31, 1959, ICA personnel strength, which does not include other agencies administering mutual security funds, totals 11,424 employees. The administrative expenses are adding to the large sums required for our programs.

In view of our gross public debt of \$286.2 billion, as of May 28, 1959, it is time that we reexamined the entire mutual security legislation with the purpose of reestablishing sound fiscal and foreign policies.

A REVIEW OF OUR MILITARY ASSISTANCE PROGRAM IS REQUIRED

There has been overfunding of the military assistance program to meet marginal requirements such as the provision of military equipment having no relation to the capacity of the United States or of other nations to meet major Soviet aggression. In view of this overfunding, it is apparent that the program should be critically examined.

Inefficiency in the handling of the program is in many instances shocking. The Comptroller General over the past several years has issued reports criticizing slipshod programming and faulty execution of military assistance. Numerous instances were reported where material was programed even though the material was already on hand in sufficient quantities in the recipient country or in a neighboring country in surplus quantities. In some cases spare parts have been disposed of as surplus while requisitions for the same items were concurrently being processed for delivery from the United States. It is evident that there has been an inadequate control of documents, inaccurate recordkeeping, and lags in reporting delivery.

Much of our military assistance is beyond the capacity of some of the recipient na-

tions to utilize. In many instances, the assistance is resented by the local populations as representing an effort by the United States to interfere in the domestic policies of the nations involved. In some cases the economy of a country is depressed in favor of large military budget expenditures. A review of the annual military assistance programs would result in a reevaluation of force objectives in each country and more accurate long-range program costs.

TRANSFER OF FUNDS

Transfers out of the military assistance funds have been in the aggregate amount of \$955 million. In addition to these transfers, under the provisions of the current section 451 and its predecessors, section 550 of the 1951 act, and other legal authority, \$908.4 million has been used by the economic side of the program. The transfer of \$908.4 from the military assistance funds is the result of administrative determination by the executive branch to supplement the defense operations of the International Cooperation Administration. Consequently, from the military funds there have been transferred \$1.863 billion to be used for economic assistance.

The loss of congressional control over funding results in a loss of control over administration as well as policy. Under the proposed legislation, the funds authorized for military assistance, for special assistance, and for the contingency fund can be used for practically any purpose in almost any area of the world. Under the transferability provisions, all restrictions on the use of funds are sharply reduced.

VARIATIONS IN ESTIMATES AND ACTUAL ECONOMIC PROJECT ASSISTANCE

It was developed during the hearings that in a number of major projects for which funds were requested for prior fiscal years, the actual obligations, subobligations, and expenditures differ substantially from the original ICA estimates. In some cases estimated obligations were understated and estimated subobligations and expenditures were overstated.

The fact that estimates for subobligations and expenditures failed to be substantiated makes questionable the reliability of an important segment of the presentation on project assistance. Moreover, this failure to estimate reliably causes an increase in the financial pipeline with the result that certain implementation actions contemplated to be taken in any specific year are delayed until the next fiscal year. It is advisable that the status of such projects be reexamined before programming additional funds.

The Comptroller General, testifying before the committee, in answer to a question concerning whether, in his opinion, the ICA had too much money to provide the adequate planning and programming of these projects, said:

"We have felt that the organization in the past, and I think probably at the present time, has a tremendous job to do to handle all of this money and to properly set up these projects. I think we have said that" (hearings, p. 1788).

The Comptroller General had this to say on how the programs can be improved:

"The agency's contention that variances in cost estimates of long-term projects are not directly related to current appropriation needs appears to us to assume that the Congress is expected to appropriate funds annually for long-term projects against current cost estimates substantially different from previous estimates, without being apprised of the differences and the reasons therefor. In our opinion, such an assumption would not be compatible with the purpose of the appropriation process. We believe that for major projects the agency should clearly set forth the financial plan, the proposed annual financing, and any sig-

nificant changes in their respective amounts and relationship which have occurred since the last submission to the Congress." (Hearings, p. 1747.)

AUTHORIZATION WAS MORE THAN REQUESTED FOR DEVELOPMENT LOAN FUND

The sum of \$700 million was the request of the executive branch for the coming year but the committee authorized a sum of \$800 million. The additional \$100 million can hardly be justified since the Honorable C. Douglas Dillon, Under Secretary of State for Economic Affairs, testified before the committee that not more than \$700 million is needed (hearings, p. 201). How this additional hundred million will be spent, and if it will be spent wisely, is questionable.

We have always seriously questioned the composition of the Development Loan Fund and the policy of making soft loans. It has always been our fear that loans repayable in local currencies will continuously require the unnecessary and unwise expenditure of American dollars. The record to date is that 81 percent of the loans will be repaid in local currency. The revolving fund of the Development Loan Fund will consist of the local currencies that are received from the repaid loans. Any dollars received from these loans will revert to the U.S. Treasury. The fact that the Development Loan Fund is now to be rebuilt into a revolving fund through the above method will tend to remove it from congressional control.

FINANCIAL CONDITION OF THE UNITED STATES

It is time to consider the financial condition of the United States. The budgetary deficit for fiscal year 1959, which is over \$12 billion, exceeds, in time of peace, the entire expenditures of the Federal Government two decades ago. We have had 23 deficit years out of the last 28 years. Although tax revenues in the last 6 or 7 years have produced the largest Government income ever enjoyed by any nation in any period of time, we have in that period of time added some \$19 billion to the national debt and, for the first time since World War I, we have raised the debt ceiling twice in 1 year.

We are collecting the highest peacetime taxes ever exacted from the American citizens. Interest on the public debt is taking approximately one-tenth of all taxes collected.

It is estimated that the aggregate national debt of the United States amounts to \$286,200 million. The total national debt of all other nations in the free world is \$185,526 million; of Soviet Russia, \$50 billion; and of all Soviet bloc countries exclusive of Red China and Viet Minh, \$931 million, making a total of \$236,457 million. In other words, the national debt of the United States of \$286,200 million exceeds the total combined debts of all other countries of the free world, plus that of Russia and the Soviet bloc, by \$49,743 million.

So heavy have been the appropriations urged by the President and passed by the Congress that the Treasury Department faces a crisis today in refunding Government bonds, and rates of interest paid by the Government have risen above anything recorded since the Civil War.

The dollar is now worth 48 cents in terms of what it was worth in 1939, and the cost of food has tripled in that time. The American dollar, once the strongest and most sought after currency in the world, is selling at a discount in some countries. U.S. generosity in providing aid in most areas of the world has created an abundance of dollars to the extent that gold is more desirable than our currency. In the face of such facts, billions of dollars are expended each year on a foreign aid program that is unrealistic and frustrating.

THE GOLD OUTFLOW

Last year the United States lost the record amount of \$2.3 billion of gold. Since the

start of this year, \$346 million of U.S. held gold has been transferred to the accounts of foreign holders. The following figures regarding gold reserves in the United States indicate the financial position of this country:

	Billion
Dec. 31, 1957-----	\$22.781
Dec. 31, 1958-----	20.534
May 5, 1959-----	20.255

Though some \$20 billion is still held in the United States, it is not, strictly speaking, entirely owned by the United States. The "free" gold supply is comparatively small. The notes and deposits of the Federal Reserve banks are required by law to be backed by 25 percent of gold, or about \$12 billion. It must also be able to redeem some \$16.6 billion in foreign time deposits in U.S. banks, foreign held U.S. Government securities, and similar claims. As of May 6, 1959, this called for a gold cover of \$11.7 billion, leaving the Treasury with only \$8.5 billion of "free" monetary gold. There is a question as to how long the United States can afford losing gold without feeling it.

Some countries have immense reserves of dollars which are being used for the purchase of gold in the United States. At the present time \$12.7 billion of the \$20.3 billions of gold in the U.S. stockpile is held by foreign claimants. This country could find itself in a severe financial squeeze if these foreign claimants demanded to be paid off in gold at once. As a result of such a demand by the claimants, the gold backing would drop to \$3.7 billion, a third of the legal requirement.

BALANCE OF TRADE

The net position of the United States in its balance of trade with the rest of the world was a chief concern of the committee during the markup of the bill. The once huge gap between exports and imports has narrowed to the extent that exports for 1958 decreased \$2,991 million from the previous year. The Department of Commerce report on the total export and import trade of the United States gives these statistics:

BALANCE OF TRADE

Excess of exports over imports, excluding military

[Millions of dollars]

1958-----	3,486
1957-----	6,477
1956-----	4,718
1955-----	2,910
1954-----	2,640
1953-----	1,390
1952-----	2,487
1951-----	3,000
1950-----	1,141

With U.S. foreign aid and U.S. private investment abroad still high, the United States has a \$3.3-billion-a-year deficit in payments. In simple terms, the total annual amounts

paid out in U.S. dollars exceed total sums paid in.

When war ended in 1945, the nations of Western Europe were prostrated. U.S. aid, amounting to billions of dollars each year, helped to get the world back on its feet. As aid from our Government took hold, private enterprise moved in. The results are so startling that nations on the edge of ruin barely 10 years ago are challenging the United States for leadership in many markets of the world. Foreign merchandise coming into the United States is capturing more and more markets. The United States has spent billions of dollars to revive industries abroad and teach them mass production, with the result that these reestablished industries have become our biggest competitors in a growing number of fields.

CONTRAST OF U.S. AND SOVIET AID

Advocates for the continuation of the mutual security legislation assert that it is necessary because of the activities of the Soviets in this field. A comparison on the type of aid given by both countries and the accomplishments is worthwhile noting.

U.S. Government aid in the form of gifts and loans to other countries is in the sum of \$74.2 billion since 1946. Of this amount, \$59.2 billion has been in the form of outright gifts.

The CARE relief organization has donated \$6.7 billion to feed and clothe destitute people.

American businessmen have invested more than \$27 billion outside this country since the war.

This all adds up to a total of \$107.9 billion. However, U.S. purchases abroad constitute \$190 billion, making an aggregate total of \$297.9 billion.

Of the \$297.9 billion expended by the United States, approximately \$275 billion was spent to rebuild cities and industries, furnish American machinery, and so forth. Another \$11 billion has been used by nations receiving our aid to add to their financial reserves in gold and dollars. The remaining billions have been used for other purposes.

Over the same period of time, Soviet aid amounted to \$2.4 billion, or about one-fiftieth as much as U.S. aid. It has been reported that Russian purchases of foreign goods are considered as loans made abroad and are included in the category of Soviet aid. If the ruble is valued at the rate of four to the U.S. dollar, then we may assume by their definition of aid that Russia has made available to the outside world, at the most, about \$30 billion in postwar years.

To sum up, Soviet Russia's aid amounts to approximately \$30 billion, while that of the United States is \$297.9 billion.

The United States has undertaken the principal burden of defense for the free world. Our allies, although strong industrially, are not assuming an equal share of the burden with the United States. While the United States is devoting more than 10

percent of its gross national product to defense, Great Britain, for instance, is contributing only 7.5 percent of its gross national product, France 6.8 percent, and West Germany 3.4 percent.

In the U.S. News & World Report, June 1, 1959, an article, entitled "The World's Biggest Success Story," depicting our aid program raises these questions:

"Can United States keep on? The question being raised is simply this: Has the United States undertaken to do more than it can do abroad and at home without weakening its currency and its competitive position in the world? In its desire to help others has this country reached a point where it might hurt itself?"

"A stirring of interest in those questions is beginning to show itself in the U.S. Congress.

"Success that has grown from an idea of 1948 may turn out to have been too great for America's comfort."

ENTIRE FOREIGN AID PROGRAM MUST BE REALISTICALLY REAPPRAISED

After the expenditure of approximately \$70 billion for foreign aid programs since 1945, and under circumstances and results which we have described, an additional authorization of \$3.6 billion should be made only after careful and painstaking study. To refuse to make such a study and, in fact, to pass legislation which further weakens the control of Congress over the program is a definite abrogation of congressional responsibility. Furthermore, today our foreign aid program is not the effective instrument of a carefully concerned foreign policy, directed at the global challenges facing our Nation. Further wholesale appropriation without reevaluation of the policy, program, and administration constitutes on the part of Congress irresponsibility and indefensible dereliction. Tables appended illustrate the generous but costly burden borne by the American people for these programs since 1945. The continuation of such costs—and such generosity—can only be justified or voted by us if results equal the good intentions. Our careful study convinces us of failures that could have been avoided, of weakness and ineffectiveness that could and must be eliminated. In our opinion, the present authorizing legislation is a weak and inadequate answer to the vital need.

EXTENT OF U.S. AID SINCE 1945

The following tables prepared by the Legislative Reference Service of the Library of Congress illustrate the cost of the foreign aid program to the American people. These tables show the distribution of U.S. grants and credits for economic and technical assistance by program and by country, but do not include military assistance figures since they are reported on a geographical basis only. Also, transactions by and with the International Bank, the International Monetary Fund, and the International Finance Corporation are not included.

TABLE I.—Foreign grants, by program
Postwar period, July 1, 1945, to June 30, 1958, fiscal years 1957 and 1958
[In thousands of dollars]

Programs	Postwar period	Fiscal year 1957	Fiscal year 1958	Programs	Postwar period	Fiscal year 1957	Fiscal year 1958
Total-----	57,274,691	4,109,498	4,130,476	Mutual Security—Continued			
Mutual Security-----	42,524,196	3,859,019	3,889,749	Other aid—Continued			
Military aid:				Famine and other relief:			
Military supplies and services:				Wheat for Pakistan-----	67,403		
Defense Department-----	20,334,455	2,207,823	2,432,841	Under Famine Relief Act-----	9,375		
Other departments and agencies-----	71,122	8,740	8,289	Under Public Law 480-----	346,588	80,469	86,787
Multilateral construction-----	492,425	63,367	67,442	Through Chinese-Korean student aid-----	7,429		
Other aid:				Through international agencies:			
From economic and technical aid appropriations-----	20,638,457	1,426,810	1,173,332	Movement of migrants and refugees-----	78,464	21,044	17,074
"Atoms for peace"-----	410		410	Multilateral technical aid-----	107,738	15,939	16,317
From Public Law 480 currencies-----	91,732	8,328	71,257	Palestine relief-----	185,722	26,500	16,000
				U.N. Korean Reconstruction Agency-----	92,876		

TABLE I.—Foreign grants, by program—Continued

Postwar period, July 1, 1945, to June 30, 1958, fiscal years 1957 and 1958

[In thousands of dollars]

Programs	Postwar period	Fiscal year 1957	Fiscal year 1958	Programs	Postwar period	Fiscal year 1957	Fiscal year 1958
Civilian supplies:				Philippine rehabilitation:			
Civilian relief in Korea.....	444,255	2,675	1,814	Private claims.....	397,540		
Government and relief in liberated and occupied areas:				Surplus property.....	100,000		
By Defense Department.....	5,107,394	805	827	Reconstruction and rehabilitation.....	137,035		
By International Cooperation Administration.....	172,533			Donations of surplus agricultural commodities through welfare agencies.....	777,419	165,221	173,234
From lend-lease appropriations.....	134,444			Military equipment loans.....	390,605	45,597	24,192
International agencies:				Chinese naval aid.....	141,394		
UNRRA.....	2,588,659			Chinese military aid.....	119,732		
For refugees.....	240,766			Chinese stabilization.....	119,594		
For children.....	137,120	11,514	9,664	Foot and mouth disease eradication.....	93,891		
Post-UNRRA.....	298,748			Technical aid (other than mutual security).....	51,378		
Interim aid.....	555,684			Inter-American and related highways.....	67,014	15,977	20,961
Lend-lease:				Trust territory development and support.....	38,564	4,690	6,035
Military (China).....	679,073			Yugoslav aid.....	37,560		
Postwar pipelines.....	1,227,061			Berlin investment fund.....	12,857		
Greek-Turkish aid:				Through American Red Cross.....	10,435		
Military.....	530,203			Libyan special purpose funds.....	17,000	4,000	4,000
Other.....	122,484			Reconstruction Finance Corporation.....	53		

TABLE II.—Foreign grants, by country and program

Postwar period: July 1, 1945, to June 30, 1958; fiscal years 1957 and 1958. Military breakdown not available by country: Aid by area at end of table

[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958	Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
Total.....	57,274,691	4,109,498	4,130,476	American Republics—Continued			
American Republics.....	1,041,404	167,428	192,199	Ecuador.....	14,591	1,894	2,419
Argentina.....	390	84	38	Mutual security aid.....	10,245	1,715	2,189
Mutual security aid.....	122	84	38	Urgent relief.....	96		
Technical aid.....	193			Lend-lease.....	545		
Reconstruction Finance Corporation.....	5			Agricultural commodities (welfare).....	637	179	230
Bolivia.....	104,972	23,155	32,046	Technical aid.....	2,924		
Mutual security aid.....	73,318	19,855	32,046	Inter-American highways.....	144		
Urgent relief.....	25,305	2,590		El Salvador.....	8,193	1,392	1,117
Agricultural commodities (welfare).....	3,599	710		Mutual security aid.....	5,418	947	1,060
Technical aid.....	2,645			Urgent relief.....	41		
Inter-American highways.....	80			Agriculture commodities (welfare).....	567	379	57
RFC.....	25			Technical aid.....	1,242		
Brazil.....	50,301	17,039	6,228	Inter-American highways.....	925	66	
Mutual security aid.....	21,511	4,614	4,674	Guatemala.....	67,950	19,040	17,136
Urgent relief.....	474			Mutual security aid.....	35,586	10,454	9,792
Atoms for peace.....	350		350	Urgent relief.....	3,344		
Lend-lease.....	3,616			Lend-lease.....	1,347		
Agricultural commodities (welfare).....	7,821	2,288	1,204	Agricultural commodities (welfare).....	458	233	55
Military equipment loans.....	10,137	10,137		Technical aid.....	2,734		
Technical aid.....	6,050			Inter-American highways.....	24,481	8,353	7,289
Inter-American highways.....	13			Haiti.....	22,627	4,503	2,663
RFC.....	329			Mutual security aid.....	14,715	3,565	2,474
Chile.....	26,214	2,776	11,773	Urgent relief.....	3,571	749	
Mutual security aid.....	12,441	2,131	3,790	Agricultural commodities (welfare).....	1,163	189	189
Urgent relief.....	194			Technical aid.....	3,145		
Agricultural commodities (welfare).....	8,882	645	7,983	Inter-American highways.....	33		
Technical aid.....	4,697			Honduras.....	11,071	2,255	2,065
Colombia.....	19,027	3,345	6,203	Mutual security aid.....	6,538	1,295	1,094
Mutual security aid.....	7,502	1,189	1,923	Urgent relief.....	533		
Urgent relief.....	68			Agricultural commodities (welfare).....	1,145	472	266
Lend-lease.....	11			Technical aid.....	722		
Agricultural commodities (welfare).....	9,549	2,156	4,280	Inter-American highways.....	2,133	488	705
Technical aid.....	1,879			Mexico.....	108,664	1,701	1,257
Inter-American highways.....	18			Mutual security aid.....	5,773	1,167	821
Costa Rica.....	27,586	4,604	7,985	Urgent relief.....	216	216	
Mutual security aid.....	6,789	884	1,157	Lend-lease.....	553		
Urgent relief.....	267			Agricultural commodities (welfare).....	953	318	436
Agricultural commodities (welfare).....	495	128	332	Foot-and-mouth disease eradication.....	93,891		
Technical aid.....	2,190			Technical aid.....	7,277		
Inter-American highways.....	17,845	3,592	6,496	Inter-American highways.....	1		
Cuba.....	2,808	521	571	Nicaragua.....	18,012	2,410	3,896
Mutual security aid.....	2,352	521	561	Mutual security aid.....	4,787	709	756
Agricultural commodities (welfare).....	10		10	Urgent relief.....	41		
Technical aid.....	446			Technical aid.....	395		
Dominican Republic.....	2,595	210	163	Inter-American highways.....	12,789	1,701	3,140
Mutual security aid.....	2,089	210	163	Panama.....	20,372	4,179	5,236
Lend-lease.....	3			Mutual security aid.....	8,550	1,440	1,335
Technical aid.....	496			Urgent relief.....	68		
Inter-American highways.....	7			Agricultural commodities (welfare).....	2,708	962	590
				Technical aid.....	559		
				Inter-American highways.....	8,487	1,777	3,331

TABLE II.—Foreign grants, by country and program—Continued

Postwar period: July 1, 1945, to June 30, 1958; fiscal years 1957 and 1958. Military breakdown not available by country: Aid by area at end of table
[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958	Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
American Republics—Continued				China-Taiwan	2,373,339	99,243	73,596
Paraguay	13,150	2,028	2,013	Mutual security aid	768,880	86,917	55,707
Mutual security aid	10,093	1,887	1,901	Public Law 480 currencies	322		322
Urgent relief	30			Urgent relief	504		
Lend-lease	2			Chinese-Korean student aid	7,363		
Agricultural commodities (welfare)	452	141	112	UNRRA	362,897		
Technical aid	2,571			Post-UNRRA	43,919		
Inter-American highways	2			Lend-lease military	679,073		
Peru	38,748	10,156	8,897	Lend-lease postwar pipelines	50,345		
Mutual security aid	17,497	3,470	3,612	Agricultural commodities (welfare)	23,244	7,702	5,067
Urgent relief	12,816	6,082	3,756	Military equipment loans	54,183	4,625	12,500
Lend-lease	237			Chinese naval aid	141,394		
Agricultural commodities (welfare)	3,537	604	1,529	Chinese military aid	119,732		
Technical aid	4,605			Chinese stabilization	119,594		
Inter-American highways	56			American Red Cross	1,889		
Uruguay	2,707	259	260	Czechoslovakia	185,827		
Mutual security aid	1,793	259	260	Mutual security aid	379		
Urgent relief	1			Urgent relief	1,995		
Technical aid	903			UNRRA	183,374		
RFC	10			Lend-lease	2		
Venezuela	2,484	133	144	Agricultural commodities (welfare)	2		
Mutual security aid	991	133	144	American Red Cross	75		
Technical aid	1,493			Denmark	247,635	1	
International organizations:				Mutual security aid	247,631	1	
Inter-American Institute for Agricultural Sciences	20		20	UNRRA	4		
Organization of American States	7,534	1,365	1,173	Ethiopia	18,950	3,762	5,305
Pan American Sanitary Organization	3,500	1,500	2,000	Mutual security aid	18,458	3,756	5,284
Unspecified	467,955	62,879	76,876	UNRRA	439		
Military supplies and services	452,756	61,710	75,027	Agricultural commodities (welfare)	53	6	21
Other mutual security aid	11,679	1,169	1,849	Finland	3,522		
Technical aid	3,836			Mutual security aid	27		
Reconstruction Finance Corporation	1,316			Urgent relief	36		
Afghanistan	19,651	3,376	11,999	UNRRA	1,840		
Mutual security aid	14,212	3,339	6,642	Agricultural commodities (welfare)	1,456		
Urgent relief	5,317		5,317	American Red Cross	163		
Agricultural commodities (welfare)	104	37	40	French Union	4,396,080	62,714	629
Technical aid	18			France	4,390,774	61,551	372
Albania: UNRRA	20,444			Mutual security aid	3,669,542	61,151	141
Australia	12,539			Urgent relief	538		
UNRRA	239			UNRRA	3,061		
Lend-lease	12,300			Post-UNRRA	60		
Austria	1,086,815	3,084	21,653	Interim aid	311,388		
Mutual security aid	734,779	1,088	3,848	Lend-lease	372,441		
Urgent relief	18,255		15,235	Agricultural commodities (welfare)	6,253	400	231
GARIOA ² (defense)	89,318			Military equipment loans	25,345		
UNRRA	72,696			American Red Cross	2,146		
Post-UNRRA	86,055			Algeria	1,128	808	213
Interim aid	68,291			Mutual security aid	186	159	27
Agricultural commodities (welfare)	17,421	1,996	2,570	UNRRA	97		
Belgium-Luxembourg	582,937	80	82	Agricultural commodities (welfare)	835	649	186
Mutual security aid	522,139	38	76	American Red Cross	9		
Urgent relief	10			French Equatorial Africa: Mutual security aid	2,200		
UNRRA	1,137			French Guiana: Agricultural commodities (welfare)	56	56	
Lend-lease	59,480			French West Africa: Agricultural commodities (welfare)	197	184	
Agricultural commodities (welfare)	154	42	6	French West Indies: Agricultural commodities (welfare)	140	79	44
American Red Cross	17			Madagascar: Mutual security aid	1,198	12	
Belgian Congo	32	14		Unspecified French Africa: Mutual security aid	337	38	
Mutual security aid	30	14		Germany, East	17,342	21	3
Agricultural commodities (welfare)	2			Mutual security aid	16,585	21	3
Burma	21,799	306	537	Urgent relief	757		
Mutual security aid	21,073	74	299	Germany, Federal Republic	3,858,657	26,617	34,725
Agricultural commodities (welfare)	722	232	238	Mutual security aid	1,534,771	13,856	16,806
Technical aid	4			Urgent relief	5,080	1,284	306
Cambodia	122,219	40,868	39,193	GARIOA:			
Mutual security aid	119,844	40,846	39,183	Defense Department	2,033,248		
Urgent relief	2,343			IOA	172,533		
Agricultural commodities (welfare)	32	22	10	UNRRA	3,616		
Canada: Military equipment loans (repaid)	3,964			Post-UNRRA	2,086		
Ceylon	20,101	5,385	14,478	Agricultural commodities (welfare)	86,814	11,477	9,961
Mutual security aid	7,168	2,251	4,804	Military equipment loans	7,662		7,662
Urgent relief	6,903			Berlin investment fund	12,867		
Agricultural commodities (welfare)	6,025	3,134	2,771	Ghana	477	65	238
Technical aid	5			Mutual security aid	238	11	227
				Agricultural commodities (welfare)	239	54	11

¹ Credit.² GARIOA (Government relief in occupied and liberated areas).

TABLE II.—Foreign grants, by country and program—Continued

Postwar period: July 1, 1945, to June 30, 1958; fiscal years 1957 and 1958. Military breakdown not available by country: Aid by area at end of table

[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958	Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
Greece.....	1,739,931	39,620	20,400	Ryukyu Islands.....	231,139	4,780	5,194
Mutual security aid.....	865,186	20,230	4,775	Mutual security aid.....	748	403	345
Urgent relief.....	997			Urgent relief.....	3,529	1,887	1,642
Currencies from Public Law 480.....	7,413		1,296	Currencies under Public Law 480.....	3,265	1,093	2,172
UNRRA.....	279,755			GARIOA (Defense Department).....	222,078	805	827
Post-UNRRA.....	37,255			Post-UNRRA.....	12		
Lend-lease.....	5,956			Agricultural commodities (welfare).....	1,494	592	208
Greek-Turkish aid:				American Red Cross.....	13		
Military.....	371,146			Miscellaneous islands GARIOA (Defense Department).....	13		
Economic.....	122,484			Jordan.....	72,921	8,843	34,888
Agricultural commodities (welfare).....	45,634	10,390	10,289	Mutual security aid.....	68,198	8,335	34,236
Military equipment loans.....	4,040		4,040	Urgent relief.....	1,089		
American Red Cross.....	35			Agricultural commodities (welfare).....	3,634	508	652
Hungary.....	16,430	8,873	1,702	Korea.....	2,160,731	316,257	314,018
Mutual security aid.....	1,422	780	104	Mutual security aid.....	1,179,596	289,820	247,476
Urgent relief.....	12,649	8,093	1,598	Currencies from Public Law 480.....	58,800	5,000	47,800
UNRRA.....	2,859			Urgent relief.....	869	78	
Iceland: Mutual security aid.....	29,893	79	55	Chinese-Korean student aid.....	67		
India.....	310,254	47,283	54,193	UNRRA.....	92,876		
Mutual security aid.....	237,629	36,140	39,819	Civilian supplies (Defense).....	444,255	2,675	1,814
Urgent relief.....	4,665	1,165		GARIOA (Defense).....	292,090		
Lend-lease.....	3,000			UNRRA.....	546		
Agricultural commodities (welfare).....	64,940	9,978	14,374	Post-UNRRA.....	72		
Technical aid.....	20			Agriculture commodities (welfare).....	51,348	15,972	16,928
Indochina.....	110,811	49		Military equipment loans.....	40,212	2,712	
Mutual security aid.....	110,183	49		Laos.....	152,724	49,004	38,051
Urgent relief.....	446			Mutual security aid.....	151,861	48,148	38,008
Agricultural commodities (welfare).....	182			Urgent relief.....	839	839	
Indonesia.....	139,832	9,606	11,605	Agricultural commodities (welfare).....	24	17	7
Mutual security aid.....	133,502	8,690	10,975	Lebanon.....	27,727	4,754	5,717
GARIOA (Defense).....	4,106			Mutual security aid.....	25,456	4,618	5,594
Agricultural commodities (welfare).....	2,204	916	630	Urgent relief.....	311		
Technical aid.....	20			Agricultural commodities (welfare).....	1,959	136	123
Iran.....	251,948	49,163	14,496	Technical aid.....	1		
Mutual security aid.....	241,608	43,551	12,033	Liberia.....	10,636	1,567	2,062
Urgent relief.....	2,748	2,748		Mutual security aid.....	10,439	1,561	2,057
Currencies under Public Law 480.....	4,472	2,235	2,237	Agricultural commodities (welfare).....	64	6	5
Lend-lease.....	750			Technical aid.....	133		
Agricultural commodities (welfare).....	2,330	629	226	Libia.....	61,723	21,917	11,807
Technical aid.....	40			Mutual security aid.....	33,236	14,084	6,940
Iraq.....	15,267	2,592	3,756	Urgent relief.....	9,584	3,044	
Mutual security aid.....	14,304	2,540	3,287	Agricultural commodities (welfare).....	1,903	789	867
Agriculture commodities (welfare).....	963	52	469	Special purpose funds.....	17,000	4,000	4,000
Ireland.....	18,346			Malaya.....	954	219	43
Mutual security aid.....	18,324			Mutual security aid.....	83	2	
American Red Cross.....	22			Agricultural commodities (welfare).....	862	217	43
Israel.....	285,838	16,101	20,842	Technical aid.....	9		
Mutual security aid.....	245,894	14,935	19,004	Morocco.....	14,492	2,217	11,445
Urgent relief.....	32			Mutual security aid.....	2,229	378	1,795
Agriculture commodities (welfare).....	39,912	1,166	1,838	Urgent relief.....	6,781		6,767
Italy (including Trieste).....	2,734,023	51,002	55,817	Agricultural commodities (welfare).....	5,482	1,839	2,823
Mutual security aid.....	1,576,338	4,338	11,584	Nepal.....	10,619	1,940	4,978
Urgent relief.....	68,478	30,099	17,364	Mutual security aid.....	8,443	1,940	3,011
Civilian supplies (GARIOA).....	112,955			Urgent relief.....	2,176		1,967
Civilian supplies (lend-lease).....	134,444			Netherlands Union.....	916,737	3,766	1,183
UNRRA.....	409,754			Netherlands.....	915,329	3,299	791
Post-UNRRA.....	128,461			Mutual security aid.....	827,632	3,299	791
Interim aid.....	176,006			UNRRA.....	1,899		
Agriculture commodities (welfare).....	113,701	16,565	26,869	Lend-lease.....	64,334		
Military equipment loans.....	14,695			Agricultural commodities (welfare).....	2		
American Red Cross.....	191			Military equipment loans.....	21,340		
Italian Somaliland Trust Territory.....	1,736	395	998	American Red Cross.....	122		
Mutual security aid.....	1,696	395	598	Netherlands New Guinea: Agricultural commodities (welfare).....	39		
Agricultural commodities (welfare).....	40		40	Surinam.....	1,369	467	376
Japan and possessions.....	2,628,706	23,246	23,680	Mutual security aid.....	1,211	309	376
Japan.....	2,397,554	18,466	18,486	Agricultural commodities (welfare).....	158	158	
Mutual security aid.....	14,745	1,696	2,267	New Zealand: Lend-lease.....	2,300		
Urgent relief.....	28,438	13,699	14,092				
GARIOA (Defense Department).....	2,184,569						
Post-UNRRA.....	178						
Agricultural commodities (welfare).....	10,050	3,071	2,127				
Military equipment loans.....	159,574						

TABLE II.—Foreign grants, by country and program—Continued

Postwar period: July 1, 1945, to June 30, 1958; fiscal years 1957 and 1958. Military breakdown not available by country: Aid by area at end of table

[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958	Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
Norway	238,566	509	501	Trust Territory of the Pacific Islands (Carolina, Mariana, and Marshall Islands)	43,008	4,690	6,035
Mutual security aid	237,570	509	501	GARIOA	4,444		
Urgent relief	24			Development and support	38,564	4,690	6,035
UNRRA	771			Tunisia	17,713	6,641	9,123
Agricultural commodities (welfare)	30			Mutual security aid	7,624	840	5,152
American Red Cross	171			Urgent relief	9,325	5,507	3,818
Pakistan	343,436	55,715	71,473	Agricultural commodities (welfare)	764	294	153
Mutual security aid	190,540	49,834	44,467	Turkey	630,024	80,723	39,045
Urgent relief	115,119		7,069	Mutual security aid	436,836	79,297	38,876
Currencies under Public Law 480	17,430		17,430	Urgent relief	12,187	884	
Agricultural commodities (welfare)	20,336	5,881	2,507	Greek-Turkish military aid	158,575		
Technical aid	11			Agricultural commodities (welfare)	1,086	542	169
Palestine: Agricultural commodities (welfare)	175			Military equipment loans	21,340		
Philippines	822,868	26,874	31,883	U.S.S.R.	465,434		
Mutual security aid	145,076	25,223	28,197	UNRRA	186,380		
Urgent relief	484			Lend-lease	277,254		
GARIOA	28,345			American Red Cross	1,800		
UNRRA	7,700			United Kingdom and dependencies	3,821,725	42,034	8,275
Philippine rehabilitation	634,575			United Kingdom	3,797,753	33,981	614
Agricultural commodities (welfare)	6,622	1,651	3,686	Mutual security aid	3,447,491	33,967	614
Technical aid	55			Urgent relief	203		
American Red Cross	11			UNRRA	8,369		
Poland	365,339		361	Lend-lease	341,462		
Mutual security aid	66		66	Agricultural commodities (welfare)	179	14	
UNRRA	364,031			American Red Cross	49		
Lend-lease	92			Aden: Agricultural commodities (welfare)	11	6	5
Agricultural commodities (welfare)	295		295	Bahamas: Agricultural commodities (welfare)	188	59	61
American Red Cross	855			British Borneo: Agricultural commodities	567	150	201
Portugal and possessions	33,435	12,052	2,756	British East Africa	3,423	727	2,431
Portugal	32,669	11,935	2,517	Mutual security aid	3,114	660	2,279
Mutual security aid	15,937	63	117	Agricultural commodities (welfare)	309	67	152
Urgent relief	68			British Guiana	420	132	77
Agricultural commodities (welfare)	8,849	4,057	2,400	Mutual security aid	270	67	55
Military equipment loans	7,815	7,815		Agricultural commodities (welfare)	150	65	22
Macao	207	44	163	British Honduras	683	125	121
Mutual security aid	97	44	53	Mutual security aid	88	35	50
Agricultural commodities (welfare)	110		110	Urgent relief	274	16	
Portuguese India: Agricultural commodities (welfare)	415	53	13	Agricultural commodities (welfare)	321	74	71
Unspecified Portuguese Africa: Mutual security aid	144	20	63	British Islands east of Africa: Agricultural commodities (welfare)	4		4
Rhodesia and Nyasaland	11	6	4	British Somaliland: Mutual security aid	88	88	
Agricultural commodities (welfare)	10	6	4	British Virgin Islands: Agricultural commodities (welfare)	31	15	5
Technical aid	1			Gambia: Agricultural commodities (welfare)	130	50	46
Saudia Arabia	4,252	Cr. 3		Hong Kong	12,119	4,789	2,735
Mutual security aid	2,639	Cr. 3		Mutual security aid	2,436	933	607
Lend-lease	1,591			Urgent relief	1,031		
Technical aid	22			Agricultural commodities (welfare)	8,652	3,856	2,128
Spain and possessions	343,086	124,837	101,623	Malta	2,334	313	688
Spain	343,020	124,837	101,573	Mutual security aid	2		
Mutual security aid	255,473	87,603	81,553	Urgent relief	26		
Urgent relief	2,005	257	953	Agricultural commodities (welfare)	2,306	313	688
Agricultural commodities (welfare)	65,234	16,669	19,067	Nigeria	204	72	82
Military equipment loans	20,308	20,308		Mutual security aid	88	34	54
Canary Islands: Agricultural commodities (welfare)	16			Agricultural commodities (welfare)	115	38	28
Spanish Africa: Mutual security aid	50		50	Technical aid	1		
Sudan	260		254	St. Helena: Agricultural commodities (welfare)	18	18	
Mutual security aid	254		254	Sierra Leone	115	89	19
Agricultural commodities (welfare)	6			Mutual security aid	102	83	19
Sweden	87,143			Agricultural commodities (welfare)	13	6	
Mutual security aid	86,539			Singapore: Agricultural commodities (welfare)	87		32
Urgent relief	6			West Indies Federation	2,963	1,290	714
UNRRA	549			Mutual security aid	258	136	64
American Red Cross	49			Agricultural commodities (welfare)	2,702	1,154	650
Switzerland: UNRRA	1,803			American Red Cross	3		
Thailand	108,482	33,133	23,477				
Mutual security aid	108,293	33,078	23,402				
Agricultural commodities (welfare)	165	55	75				
Technical aid	24						

TABLE II.—Foreign grants, by country and program—Continued

Postwar period: July 1, 1945, to June 30, 1958; fiscal years 1957 and 1958. Military breakdown not available by country: Aid by area at end of table

[In thousands of dollars]

Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958	Country and program	Postwar period	Fiscal year 1957	Fiscal year 1958
United Kingdom and dependencies—Con.				Other international organizations—Con.			
Unspecified British Africa: Mutual security aid	423	130	276	World Health Organization: Mutual security aid	5,000		5,000
Unspecified British America: Mutual security aid	164		164	UNRRA	273,505		
Vietnam	795,335	245,349	222,510	Unspecified countries (see note 2 below):			
Mutual security aid	769,162	233,455	219,102	Asia and Pacific (excluding South Asia)	4,610,065	623,190	884,939
Urgent relief	1,109			Military supplies and services (Defense)	4,590,297	622,455	883,437
Agricultural commodities (welfare)	25,064	11,894	3,408	Mutual security aid	19,768	735	1,502
Yugoslavia	804,273	46,930	22,130	Europe	13,336,971	1,181,375	901,790
Mutual security aid	350,821	26,362	3,086	Military supplies and services (Defense)	12,391,847	1,113,209	831,579
Urgent relief	47,763	1,232		Military supplies and services (other departments)	4,920	1,079	557
UNRRA	298,054			Multilateral construction programs	492,425	63,367	67,442
Lend-lease	76			Mutual security aid	311,549	3,720	2,212
Agricultural commodities (welfare)	69,280	19,336	19,044	GARIOA (Defense)	136,230		
Yugoslav aid	37,560			Near East, Africa, and south Asia	\$2,769,686	\$395,356	\$627,171
American Red Cross	719			Military supplies and services (Defense)	2,739,747	393,219	624,104
Other international organizations:				Military supplies and services (other departments)	570	76	108
European Payments Union: Mutual security aid	238,084			Mutual security aid	28,888	2,061	2,959
Intergovernmental Committee for European Migration: Mutual security aid	66,814	14,144	13,524	Greek-Turkish military aid	481		
Intergovernmental Committee for Refugees	3,650			Other areas	541,288	70,924	78,110
International Atomic Energy Agency	60		60	Military supplies and services (Defense)	159,808	17,230	18,694
International Refugee Organization	237,116			Military supplies and services (other departments)	65,632	7,585	7,624
OEEC: Mutual security aid	5,100	2,000	1,350	Mutual security aid	180,650	46,109	51,792
United Nations	302,556	52,974	34,674	Urgent relief	80		
Mutual security aid	5,000	5,000		UNRRA	102,997		
Refugees	11,650	6,900	3,550	Post-UNRRA	651		
Multilateral technical aid	100,184	14,574	15,124	Lend-lease	29,364		
Palestine relief	185,722	26,500	16,000	Technical aid	11		
United Nation's Children's Fund	137,120	11,514	9,664	American Red Cross	2,095		

NOTES

1. In this table mutual security aid does not include military supplies and services, either through the Defense Department or other agencies. It comprises only assistance rendered under economic and technical programs from the mutual security appropriations.

2. Military assistance data are generally not available by country and are stated at the end of this table under "Military supplies and services in unspecified countries." A Defense Department release of Oct. 7, 1958, gave some totals (in millions

of dollars as follows for the period): Belgium, 1,069; Luxembourg, 7; Denmark, 385; France, 3,708; Greece, 678; Italy, 1,592; Netherlands, 968; Norway, 547; Portugal, 238; Spain, 239; Turkey, 1,222; United Kingdom, 693.

3. The military equipment loan to Canada is noted as "repaid." The transfer represented the loan and return of aircraft under the program announced by the U.S. Department of Defense, Aug. 15, 1952.

TABLE III.—Reverse grants and returns on grants, by country

Postwar period, July 1, 1945, to June 30, 1958; fiscal year 1957, July 1, 1956, to June 30, 1957; fiscal year 1958, July 1, 1957, to June 30, 1958

[In thousands of dollars]

Country	Postwar period	Fiscal year 1957	Fiscal year 1958	Country	Postwar period	Fiscal year 1957	Fiscal year 1958
Total	1,805,343	76,881	81,188	Germany	85,672	1,058	5,128
American Republics	53,992	85	212	Greece	79,326	197	60
Brazil	52,880			Iceland	1,777		
Bolivia	200	23	172	India	28,611		
Chile	78			Indochina (1945-54)	6,375		
Colombia	154			Indonesia	5,183	89	49
Cuba	48			Iran	7,878		
Dominican Republic	245	62	40	Iraq	483	62	124
Ecuador	29			Ireland	910		
Haiti	7			Israel	458		
Honduras	30			Italy and Trieste	88,692	1,329	1,503
Mexico	73			Japan	5,864	1,062	1,917
Nicaragua	34			Jordan	63		
Paraguay	7			Korea	17,926		
Peru	117			Laos	29		
Uruguay	66			Netherlands	54,786	379	362
Venezuela	24			Norway	24,639	545	360
Australia	20,000			Pakistan	14,482	3,211	4,830
Austria	53,944	11	2	Philippines	5,619	821	677
Belgium-Luxembourg	7,948	488	468	Poland	110	110	
Burma	625			Portugal	4,211	296	420
Canada	3,964			Spain	155,227	54,900	52,818
Cambodia	706	201	384	Thailand	5,735	963	745
China-Taiwan	72,966	1,346	304	Turkey	40,648	6,556	7,262
Czechoslovakia	173			Union of South Africa	92,500		
Denmark	16,518	324	200	U.S.S.R.	39,204		
Ethiopia	726	175	293	United Arab Republic	58	58	
France	243,472	1,229	1,189	United Kingdom	531,152	599	560
				Vietnam	4,262	2,037	
				Yugoslavia	27,179	454	74
				United Nations	1,247		1,247

1 Credit.

TABLE IV.—Foreign credits utilized, by country

Postwar period, July 1, 1945, to June 30, 1958; fiscal year 1957, July 1, 1956, to June 30, 1957; fiscal year 1958, July 1, 1957, to June 30, 1958

[In thousands of dollars]

Country	Postwar period	Fiscal year 1957	Fiscal year 1958	Country	Postwar period	Fiscal year 1957	Fiscal year 1958
Total.....	16,534,103	440,282	1,226,736	Germany.....	1,348,382	918	1,796
New credits.....	14,277,249	439,695	1,226,736	Greece.....	167,012	2,633	26,727
Prior grants converted into credits.....	2,256,854	587		Hungary.....	15,917		
American Republics.....	1,837,405	152,809	348,939	Iceland.....	12,594	866	6,069
Argentina.....	130,835		29,160	India.....	306,537	17,495	21,998
Bolivia.....	42,532	1,041	26	Indonesia.....	174,512	4,300	16,410
Brazil.....	743,767	76,550	53,302	Iran.....	114,009	13,225	24,044
Chile.....	171,434	4,703	44,985	Iraq.....	1,222	155	177
Colombia.....	142,065	1,106	79,626	Ireland.....	128,200		
Costa Rica.....	10,825	2,220	3,943	Israel.....	226,861	18,642	38,827
Cuba.....	38,734	8,851	3,393	Italy.....	506,404	12,550	51,736
Ecuador.....	36,413	4,360	2,361	Japan.....	916,426	101,654	199,320
El Salvador.....	642	58	9	Korea.....	24,928		
Guatemala.....	2,547	1,606	369	Lebanon.....	1,550		
Haiti.....	25,517	1,410	1,012	Liberia.....	30,438	2,250	4,300
Honduras.....	1,693	14	1,453	Libya.....	157		157
Mexico.....	305,761	13,695	55,177	Morocco.....	37,028		18,659
Nicaragua.....	874	14	200	Netherlands.....	436,035		
Panama.....	4,919		919	New Zealand.....	17,450	40	24
Paraguay.....	9,938	3,383	5,602	Norway.....	140,608	4	
Peru.....	116,450	32,986	51,678	Pakistan.....	80,171	5,762	44,437
Uruguay.....	12,253			Philippines.....	164,852	8,932	17,826
Venezuela.....	19,422	166	1,678	Poland.....	97,551		19,830
Unspecified Latin America.....	20,754	646	14,044	Portugal and Angola.....	57,158	53	3,459
Afghanistan.....	44,425	9,307	5,285	Portugal.....	57,046		3,400
Australia.....	14,183			Angola.....	112	53	59
Austria.....	52,599	3,143	17,821	Rhodesia and Nyasaland.....	60,686	6,978	
Belgium-Luxembourg and possessions.....	239,522			Saudi Arabia.....	19,112		
Belgium.....	234,972			Spain.....	128,902	10,039	7,404
Luxembourg.....	3,000			Sweden.....	24,200		
Belgian Congo.....	1,550			Thailand.....	21,298	10,429	3,110
Burma.....	5,324		282	Trust Territory of the Pacific Islands.....	517	8	115
Canada.....	163,285	66		Tunisia.....	1,894		1,894
Ceylon.....	1,423	1	1,421	Turkey.....	203,960	15,606	34,956
China-Taiwan.....	281,548	16,943	17,407	Union of South Africa.....	150,316	16,029	3,250
Czechoslovakia.....	29,583			U.S.S.R.....	222,495		
Denmark.....	56,709	23	29	United Arab Republic.....	25,566	5,811	1,429
Ethiopia-Eritrea.....	9,499	2,400	3,700	United Kingdom and dependencies.....	5,056,567		250,000
Ethiopia.....	9,449	2,400	3,700	United Kingdom.....	5,032,428		250,000
Eritrea.....	50			British East Africa.....	2,394		
Finland.....	140,102		14,000	British Guiana.....	128		
French Union.....	2,430,869	1,211	9,703	British Honduras.....	13		
France.....	2,474,231	1,211	9,614	Nigeria.....	674		
Algeria.....	680			West Indies Federation.....	20,930		
French Equatorial Africa.....	4,457		88	Vietnam.....	35,196		10,196
New Caledonia.....	1,501			Yugoslavia.....	55,900		
				United Nations.....	65,000		
				European Coal and Steel Community.....	100,000		

TABLE V.—Net foreign loans and other credits, by country

Period July 1, 1940, to June 30, 1958—Utilizations, repayments, and totals outstanding on June 30, 1958

[In thousands of dollars]

Country	Net authorizations	Utilizations	Repayments	Outstanding on June 30, 1958	Country	Net authorizations	Utilizations	Repayments	Outstanding on June 30, 1958
Total.....	20,481,987	17,789,305	5,595,364	12,179,482	Afghanistan.....	51,684	44,425		44,425
New credits.....	18,225,132	15,532,450	5,442,945	10,075,264	Australia.....	22,559	22,559	16,335	6,225
Prior grants converted into credits.....	2,256,854	2,256,854	152,419	2,104,218	Austria.....	107,419	52,598	33,174	19,424
American Republics*.....	3,103,080	2,228,701	1,072,827	1,151,353	Bahrain.....	17,048	17,048	17,048	
Argentina.....	264,365	131,225	47,756	83,469	Belgium-Luxembourg and Congo.....	239,522	239,522	108,917	130,606
Bolivia.....	47,042	47,042	10,947	34,173	Belgium.....	234,972	234,972	107,230	127,742
Brazil.....	1,174,787	839,460	394,661	444,769	Luxembourg.....	3,000	3,000	136	2,864
Chile.....	262,213	193,901	94,774	99,127	Belgian Congo.....	1,550	1,550	1,550	
Colombia.....	250,858	164,500	69,076	95,395	Burma.....	57,343	5,324	3,457	1,867
Costa Rica.....	23,799	18,000	3,801	14,199	Canada.....	196,070	196,070	196,036	34
Cuba.....	98,600	84,412	60,657	23,754	Ceylon.....	4,100	1,423		1,423
Dominican Republic.....	3,284	3,284	3,284		China-Taiwan.....	407,858	400,051	196,218	203,831
Ecuador.....	50,285	41,980	13,438	28,538	Czechoslovakia.....	30,377	30,377	25,507	4,870
El Salvador.....	1,542	1,542	1,517	26	Denmark.....	56,748	56,709	11,114	45,595
Guatemala.....	2,599	2,547	858	1,689	Ethiopia-Eritrea.....	32,457	13,857	4,682	9,174
Haiti.....	37,891	35,837	7,985	27,853	Ethiopia.....	32,407	13,807	4,682	9,124
Honduras.....	12,321	2,588	1,146	1,442	Eritrea.....	50	50		50
Mexico.....	435,451	321,528	171,813	147,157	Finland.....	166,313	166,314	67,054	99,259
Nicaragua.....	7,333	5,525	5,079	446	French Union*.....	2,530,043	2,480,868	863,241	1,613,688
Panama.....	21,357	7,407	5,786	1,621	France*.....	2,523,405	2,474,231	861,873	1,610,922
Paraguay.....	18,670	15,343	6,189	9,153	Algeria*.....	680	680	204	396
Peru.....	178,087	116,450	10,384	106,065	French Equatorial Africa*.....	4,457	4,457	1,010	2,369
Uruguay.....	19,338	19,338	12,122	6,508	New Caledonia*.....	1,501	1,501	154	
Venezuela.....	28,662	24,565	20,725	3,568					
Unspecified.....	164,696	152,228	129,829	22,400					

TABLE V.—*Net foreign loans and other credits, by country—Continued*
 Period July 1, 1940, to June 30, 1958—Utilizations, repayments, and totals outstanding on June 30, 1958
 [In thousands of dollars]

Country	Net author-izations	Utiliza-tions	Repay-ments	Outstand-ing on June 30, 1958	Country	Net author-izations	Utiliza-tions	Repay-ments	Outstand-ing on June 30, 1958
Germany.....	1,355,706	1,348,387	241,499	1,106,888	Rhodesia and Nyasaland.....	60,686	60,686	15,363	45,323
Greece*.....	187,799	167,012	55,354	110,149	Saudi Arabia.....	31,826	31,826	13,491	18,334
Hungary.....	15,917	15,917	4,655	11,262	Spain.....	306,148	142,583	43,960	98,624
Iceland.....	22,592	13,184	1,142	12,042	Sweden.....	28,311	28,311	9,736	18,575
India*.....	974,906	438,093	134,008	263,341	Thailand.....	36,505	21,298	6,812	14,486
Indonesia.....	199,551	174,512	29,461	145,051	First Territory of Pacific Islands.....	517	517	230	287
Iran.....	153,835	114,471	10,838	103,634	Tunisia.....	3,500	1,894	.....	1,894
Iraq.....	1,380	1,222	1,008	213	Turkey*.....	205,300	203,960	41,865	162,051
Ireland.....	128,200	128,200	1,643	126,557	Union of South Africa*.....	150,316	150,316	37,234	112,949
Israel.....	274,488	226,861	33,537	193,324	U.S.S.R.....	222,495	222,495	.....	222,495
Italy.....	587,325	519,780	255,712	264,068	United Arab Republic.....	25,566	25,566	18,040	7,526
Japan.....	1,012,724	916,426	710,556	205,870	United Kingdom and depend- encies*.....	5,741,316	5,491,316	822,491	4,688,394
Korea.....	24,928	24,928	3,978	20,950	United Kingdom.....	5,716,709	5,466,709	809,688	4,657,021
Latvia.....	11	11	11	.....	British East Africa.....	2,394	2,394	426	1,968
Lebanon.....	1,550	1,550	1,550	.....	British Guiana.....	128	128	.....	128
Liberia.....	44,773	33,773	5,965	28,506	British Honduras*.....	482	482	51	.....
Libya.....	3,500	157	.....	157	Nigeria.....	674	674	674	.....
Morocco*.....	38,369	37,028	16,755	19,759	West Indies Federation.....	20,930	20,930	11,652	9,278
Netherlands.....	472,172	472,172	227,761	244,410	Vietnam.....	53,300	35,196	.....	35,196
New Zealand.....	17,566	17,459	5,139	12,320	Yugoslavia*.....	227,700	55,900	11,889	43,793
Norway*.....	140,835	140,835	70,218	70,529	International organizations:				
Pakistan.....	166,320	80,171	25,101	93,084	European Coal and Steel Community.....	100,000	100,000	2,900	97,100
Philippines.....	182,654	164,852	75,574	89,278	United Nations headquarters loan.....	65,000	65,000	11,000	54,000
Poland.....	136,268	101,098	27,288	73,810					
Portugal and possession*.....	58,512	58,494	6,988	51,475					
Portugal.....	58,317	58,317	6,925	51,393					
Angola*.....	195	177	64	82					

NOTES

1. Apparent discrepancies are due to rounding of totals.
 2. Asterisks (*) denote those countries where some principal has been charged off as uncollectible. For period July 1, 1940, to June 30, 1958, this total amounted to \$14,458,000 out of total utilizations of \$17,302,055,000 or less than 1/10 of 1 percent.

3. On June 30, 1958, the total unutilized from the net authorizations amounted to \$2,692,682,000 or the difference between net authorizations and utilizations. This total represents lines of credit still available till such time as the time limit expires or the authorizations are terminated.

Mr. ALLEN. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. Bow].

(Mr. BOW asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. BOW. I yield.

Mr. BROWN of Ohio. I would like to point out that Dr. Morgan in testimony before the Rules Committee advised us there would be \$4,700 million of funds previously appropriated for mutual-aid purposes left over at the end of this fiscal year, June 30.

Mr. BOW. The gentleman is correct.

Mr. Speaker, I would like to address the House on the question now before the House, and that is the rule. I will not debate the bill. I am opposed to this rule for two reasons, Mr. Speaker: One is that it waives points of order, and the other is I think the time for debate on the bill is much too short.

As to the matter of the bill, which affects everybody in this country, every taxpayer, as substantially as this does in the amount of this appropriation, with the interest of the people throughout the Nation in how this money is to be used, there should be a full opportunity for all segments of the House to be heard and to have adequate time to debate it.

The gentleman from Massachusetts [Mr. O'NEILL] suggested that anyone who wanted to debate could debate under the 5-minute rule. I should remind the House that just last week a well-disciplined majority cut off all debate on a very important bill before the House, and those who had amendments to offer were not even permitted to discuss the amendments. So, there is the

possibility that debate will be cut off on this bill and we will not have a chance to let the representatives of the people of the United States adequately debate it.

My further objection is that it waives points of order. As a member of the Committee on Appropriations, I do not believe our committee should ever bring in bills with legislation, and I have been one of those on the committee, together with others in recent year, who have fought against any legislation on appropriation bills. And, I think by the same token that these bills should not come in here with waiver of points of order, where appropriations are brought in in legislative bills such as this. I call attention to the fact that on pages 7, 10, 12, and 13 of this bill there are items which perhaps would be subject to a point of order because they do affect the appropriation processes of the House of Representatives. And, I believe, Mr. Speaker, that this should not be done, and to those who might raise some question may I read what the President of the United States had to say on this matter as recently as, I think it was, last week, when he addressed a letter in reply to one from a distinguished Member of the other body who is the chairman of the Foreign Relations Committee. The President had this to say:

In my budget message this year, because of the growing tendency to bypass the appropriations procedure, I said, "I sincerely hope that the Congress will again consider ways by which it can more effectively overcome * * * the provision of new obligatory authority outside of the appropriations process." This is now established administration policy, and recommendations of previous years for spending from debt receipts that were made while such policy was be-

ing formulated must yield to it. Accordingly I do not look with favor upon the provisions of your amendments which authorize the Development Loan Fund to borrow from the Treasury.

Mr. Speaker, the President has said that we should follow appropriation procedures, and under this bill there is provision that counterpart funds may be used without submitting to the appropriation procedures as set up by the House.

Now, I know it is going to be said in debate on this bill—and that is one reason we should have more time to debate it—that much of this money comes back to the United States. I hold in my hand a copy of my home paper of last week, and I read three items in the edition of that paper:

UNITED STATES TO FINANCE WATER SYSTEM FOR SAN MARINO

The United States signed an agreement today to finance an \$850,000 water system for the tiny Republic of San Marino.

I know we have no basis there, and I am sure the palace guard there can do little to help us in case we have a situation requiring troops to come to our aid.

Then I read this article:

UNITED STATES WILL BUY TRUCKS FROM JAP MOTOR FIRM

The U.S. Government has signed contracts with Japan's Toyota Motor Co. to buy \$42,-228,139 worth of trucks and spare parts for non-Communist nations of Asia.

That money is not coming back to the Timken Roller Bearing Co., Republic Steel, Hercules Motor Co., or other manufacturers in my district. It is going to be spent for the purchase and the building of trucks in Japan.

Then there is this item in the same edition of the same newspaper: "United

States Will Pay \$21 Million To Build Ships for Denmark."

Those are funds that will not come back, Mr. Speaker, to this country.

I oppose the rule.

Mr. ALLEN. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. TABER].

[Mr. TABER addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. ALLEN. Mr. Speaker, I yield the remaining time on this side to the gentleman from Michigan [Mr. FORD].

(Mr. FORD asked and was given permission to revise and extend his remarks.)

Mr. FORD. Mr. Speaker, I have long supported this program. I think that it is important from our own point of view as we look to our military security. I believe that the economic side is justifiable as an instrument of our foreign policy. I think it unfortunate that we are faced with this particular kind of a rule because there are certain provisions of this bill that personally I do not agree with.

As a member of the Committee on Appropriations I have resisted, as has the gentleman from Ohio, efforts from time to time to impose legislation on appropriation bills. At the same time I have tried to keep the Committee on Appropriations from bringing a bill to the floor of the House through a rule which waived points of order. In my opinion and judgment, this is not the best way for us to legislate, by bringing this legislation to the floor of the House waiving points of order. I would rather that we on the appropriations side and those on the legislative side bring in a bill, whichever we are bringing to the floor, under the regular procedure. I will say, however, that despite my reservations about this procedure which is before us I shall support the rule. Nevertheless, I intend to work with those who will make some changes, I hope, in the bill itself.

We have not harmed our Mutual Security Program by the procedures which have been in practice in the past where there has been some control over foreign currencies. I do not think we have injured the Mutual Security Program by requiring that in the case of the military programs the administration justify every dollar. In other words, I disapprove this wide latitude, the discretion or transfer authority in the Mutual Security, Military Assistance part of the program as proposed in the bill before us. If that part of the program is basically sound they should not have the latitude or leeway to transfer 30 percent of the money requested in the budget. For that reason I intend to oppose that provision in the bill when it comes before us. However, I think such decisions can be made on the merits when we are having the bill read for amendment.

In order to get this matter before us as quickly as possible so that we in the House and those in the other body can come up with a final version promptly, in my opinion, it is necessary to approve this rule today. Because I support the principle of the program, because I think

time is of the essence, and because I think we can work our will on the floor during the consideration of the bill, I intend to support the rule here this afternoon.

The SPEAKER. The time of the gentleman from Michigan has expired.

All time has expired.

Mr. O'NEILL. Mr. Speaker, I move the previous question on the resolution.

Mr. FULTON. Mr. Speaker.

The SPEAKER. For what purpose does the gentleman from Pennsylvania rise?

Mr. FULTON. Mr. Speaker, I have an amendment to the rule.

The SPEAKER. The gentleman from Massachusetts has moved the previous question.

The question is on ordering the previous question.

The question was taken; and on a division (demanded by Mr. BENTLEY) there were—ayes 129, noes 18.

So the previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WILLIAMS. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 277, nays 93, not voting 63 as follows:

[Roll No. 84]

YEAS—277

Abbott	Carnahan	Friedel
Addonizio	Carter	Fulton
Albert	Chamberlain	Gallagher
Allen	Chelf	Garmatz
Anderson,	Chenoweth	Gary
Mont.	Chiperfield	Gathings
Aspinall	Church	Gavin
Auchincloss	Clark	George
Avery	Coad	Giaino
Ayres	Coffin	Glenn
Baldwin	Conte	Goodell
Barrett	Corbett	Granahan
Barry	Cramer	Gray
Bass, N.H.	Cunningham	Green, Oreg.
Bass, Tenn.	Curtin	Green, Pa.
Bates	Curtis, Mass.	Griffin
Baumhart	Curtis, Mo.	Griffiths
Becker	Daddario	Gubser
Beckworth	Dague	Hagen
Belcher	Daniels	Halleck
Bennett, Fla.	Delaney	Halpern
Blatnik	Dent	Hardy
Boggs	Denton	Hargis
Boland	Derounian	Harmon
Bolling	Dingell	Harrison
Bolton	Dixon	Hays
Bonner	Donohue	Hébert
Bowles	Dooley	Hechler
Boyle	Dorn, N.Y.	Hemphill
Brademas	Downing	Herlong
Breeding	Doyle	Hess
Brewster	Dulski	Hoeven
Brock	Durham	Hogan
Brooks, Tex.	Dwyer	Hollifield
Broomfield	Edmondson	Holland
Broyhill	Elliott	Holtzman
Buckley	Evins	Hosmer
Burdick	Fallon	Huddleston
Burke, Ky.	Fascell	Hull
Burke, Mass.	Fenton	Ikard
Burleson	Fino	Irwin
Bush	Flood	Jarman
Byrne, Pa.	Flynn	Jensen
Byrnes, Wis.	Foley	Johnson, Calif.
Cahill	Forand	Johnson, Colo.
Cannon	Ford	Johnson, Md.

Johnson, Wis.
Jonas
Jones, Ala.
Jones, Mo.
Judd
Karsten
Karth
Kasem
Kastenmeier
Kearns
Kee
Keith
Kelly
Keogh
Kilburn
Kilday
King, Calif.
King, Utah
Kowalski
Lafore
Lane
Langen
Latta
Lennon
Lesinski
Libonati
Lindsay
Loser
McDowell
McFall
McGinley
McGovern
McIntire
Macdonald
Macrowicz
Mack, Ill.
Madden
Magnuson
Mahon
Marshall
Martin
Matthews
May
Meador
Morrow
Metcalf
Meyer

Miller, Clem
Miller, N.Y.
Milliken
Mills
Mitchell
Monagan
Montoya
Morgan
Moorhead
Moss
Multer
Mumma
Murphy
Natcher
Nelsen
Nix
Norblad
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
O'Neill
Oliver
Osmer
Ostertag
Patman
Pelly
Perkins
Pfost
Philbin
Pillion
Poage
Poff
Porter
Preston
Price
Prokop
Pucinski
Quie
Quigley
Rabaut
Rains
Randall
Ray
Reuss
Rhodes, Pa.
Robison

Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Roosevelt
Roush
St. George
Saund
Schenck
Schwengel
Selden
Shipley
Simpson, Ill.
Sisk
Smith, Iowa
Smith, Miss.
Smith, Va.
Spence
Springer
Stratton
Stubblefield
Sullivan
Teague, Calif.
Teague, Tex.
Thompson, N.J.
Thompson, Tex.
Thomson, Wyo.
Thornberry
Trimble
Tuck
Udall
Ullman
Van Zandt
Vinson
Wainwright
Wallhauser
Wampler
Watts
Weis
Widnall
Wilson
Wolf
Wright
Yates
Younger
Zablocki
Zelenko

NAYS—93

Abernethy
Adair
Alexander
Alford
Alger
Andersen,
Minn.
Ashmore
Bailey
Barr
Bennett, Mich.
Bentley
Berry
Blitch
Bow
Brooks, La.
Brown, Ga.
Brown, Ohio
Casey
Cederberg
Collier
Colmer
Davis, Ga.
Derwinski
Devine
Dowdy
Everett
Feighan
Flynt
Forrester
Grant
Gross

Haley
Hall
Harris
Henderson
Hiestand
Hoffman, Ill.
Hoffman, Mich.
Holt
Jennings
Kilgore
Kirwan
Kitchin
Knox
Laird
Landrum
Levering
Lipscomb
McCulloch
McDonough
McMillan
McSween
Mack, Wash.
Mason
Michel
Minshall
Moore
Morris, N. Mex.
Morris, Okla.
Moulder
Murray
Norrell
O'Konski

Passman
Pilcher
Reece, Tenn.
Rees, Kans.
Rhodes, Ariz.
Riley
Rogers, Tex.
Rooney
Rutherford
Saylor
Scherer
Sheppard
Short
Sikes
Siler
Slack
Smith, Calif.
Smith, Kans.
Staggers
Steed
Taber
Thomas
Tollefson
Van Pelt
Weaver
Whitener
Wier
Williams
Winstead
Young

NOT VOTING—63

Andrews
Anfuso
Arends
Ashley
Baker
Barden
Baring
Betts
Bosch
Boykin
Bray
Brown, Mo.
Budge
Canfield
Celler
Cohelan
Cook
Cooley
Davis, Tenn.
Dawson
Diggs
Dollinger

Dorn, S.C.
Farbstein
Fisher
Fogarty
Fountain
Frazier
Frelinghuysen
Healey
Horan
Jackson
Johansen
Kluczynski
Lankford
McCormack
Matthard
Miller,
George P.
Moeller
Morrison
Pirnie
Powell
Riehlman

Rivers, Alaska
Rivers, S.C.
Roberts
Rostenkowski
Santangelo
Scott
Shelley
Simpson, Pa.
Taylor
Teller
Thompson, La.
Toll
Utt
Vanik
Walter
Westland
Wharton
Whitten
Willis
Withrow

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Farbstein for, with Mr. Baring against.
Mr. Anfuso for, with Mr. Dorn of South Carolina against.

Mr. Santangelo for, with Mr. Johansen against.

Mr. Simpson of Pennsylvania for, with Mr. Whitten against.

Mr. Taylor for, with Mr. Betts against.

Mr. Dellinger for, with Mr. Withrow against.

Mr. Walter for, with Mr. Utt against.

Until further notice:

Mr. Boykin with Mr. Arends.

Mr. Powell with Mr. Jackson.

Mr. Healey with Mr. Horan.

Mr. Celler with Mr. Canfield.

Mr. Cohelan with Mr. Riehlman.

Mr. Teller with Mr. Budge.

Mr. Morrison with Mr. Baker.

Mr. Brown of Missouri with Mr. Bray.

Mr. Cook with Mr. Wharton.

Mr. Fountain with Mr. Pirnie.

Mr. Scott with Mr. Westland.

Mr. Morrison with Mr. Mailliard.

Mr. Thompson of Louisiana with Mr. Frelinghuysen.

Mr. Moeller with Mr. Bosch.

Mr. CASEY, Mr. HIESTAND, and Mr. BOW changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 7500, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MORGAN. Mr. Chairman, I yield myself 15 minutes.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, first I want to apologize to the House for this late start this evening. I suggested to the leadership that we at least get started tonight, because I feel that, by getting in a few minutes of the general debate today, we can finish this bill sometime Wednesday night.

Mr. Chairman, we have before us today H.R. 7500, which authorizes funds for the mutual security program for fiscal year 1960 and which makes a number of changes in the basic legislation governing the mutual security program. Most of these changes are minor and technical in nature; a few of them are important and should contribute substantially to improving the effectiveness of the program.

The bill authorizes \$3,642,600,000. The Executive request was for \$3,909,400,000, and we have reduced that

amount by \$266,800,000. The authorizations for 4 items have been reduced below the Executive request, and one authorization has been increased.

The committee cut the authorization for military assistance by \$160 million. This was done because we believed that in some of the less developed countries of the world military assistance was programmed in larger amounts than could be properly used.

The authorization for defense support, which is economic assistance to countries carrying on military programs which overstrain their economies, was reduced by \$85 million. In this case we believed that some of the less developed countries were getting economic assistance faster than they could absorb it.

We reduced the authorization for special assistance by \$21,800,000. This is economic assistance going to countries such as Morocco, Jordan, Burma, and the city of West Berlin, which need outside assistance and where we have special political, economic or other interests. We felt in the case of special assistance also that there had been a tendency on the part of the ICA to make more economic aid available than could be used to best advantage.

The committee also cut the President's contingency fund by \$100 million—a reduction of 50 percent. We felt here that there was a great deal of flexibility in the bill which permitted the transfer of funds from one purpose to another and that it was not necessary to provide a fund to meet unforeseen emergencies of the magnitude requested.

The committee, after very careful consideration, decided to increase the authorization for the Development Loan Fund by \$100 million above the Executive request. We believe that the Development Loan Fund provides the most effective means of promoting the economic development of the less developed countries. This money is loaned on the basis of individual projects and not directly to governments. The Fund has applications for loans, which on the basis of preliminary screening appear to have merit, which will use up more than the increased amount recommended by the Committee. We think it is of vital importance that the Congress should avoid taking any action which will interrupt this important operation.

The committee has examined the mutual security program very carefully. We have held 11 weeks of hearings, during which 44 meetings were held and 90 witnesses testified. These included a substantial number of representatives of private organizations and church groups as well as individual citizens. The transcript of the hearings which you have before you covers 2,000 printed pages.

In addition to the very detailed examination of the Executive authorization request of this year, as I pledged to the House during the consideration of the mutual security bill last summer, a Subcommittee for Review of the Mutual Security Programs was set up last fall to serve as a watchdog over the program. This subcommittee held hearings

last December and during the month of January on various aspects of the economic assistance program and the operations of military assistance in certain countries. The results of the subcommittee's work are known to most of you, I am sure, as a result of the published transcripts and of the subcommittee's reports.

On the basis of our detailed study, I can say with confidence that the Foreign Affairs Committee knows how the program works and knows what its shortcomings are. We can say also, and even more emphatically, however, that we know how important the program is. We know that it is vital to our defense, and we know that its operation will, in a large measure, determine our future relationship with the 700 million people who live in the 21 new nations which were colonies and have attained their independence since World War II.

I am fully aware that \$3,600 million is a lot of money. I know also that the national budget is strained and that the Congress has a great responsibility to exert the greatest care in authorizing expenditures. Every one of us feels an obligation not to impose on our children and grandchildren an intolerable tax burden to pay the bills for programs which we approve. Let us not forget, however, what it would mean to our children and grandchildren if we should lose the cold war.

Let me remind you that our whole military defense is dependent on continuing military assistance. The United States has over 250 military installations overseas. These include airfields, radar stations, as well as supply and maintenance depots. The Secretary of Defense testified before the committee that in his judgment we need these overseas bases for at least 10 years. Our defense strategy is built around the availability of these overseas installations and of the forces of allied nations in various parts of the world. I am not sure that we will ever reach the era of push-button war. Certainly we have not reached it yet. For the next few years at least, we are dependent on manned aircraft for much of our military power.

If military and economic assistance to foreign nations were to be terminated, everyone agrees that most of our overseas bases would be lost to us. In some cases, nations regard our aid as a necessary return for the risks they incur and sacrifices they make in providing the sites for our installations. In most cases, however, bases are available to us because we are carrying on with the host countries a common defense effort. Most of the nations in which our bases are located regard defense as a mutual undertaking in which we help them and they help us. They are glad to cooperate on that basis. If the United States took action to bring such mutual assistance to an end, they would no longer tolerate the presence of foreign military installations on their soil.

One of the realities with which we are confronted today also is the fact that approximately one-third of the world's population has recently emerged from a colonial status and that the people of these new nations will inevitably have a

much greater influence on world affairs in the future than they have had in the past. In addition, the people of many older nations which have been slow in their economic development have been awakened to the trend of world events and their governments have acquired a new outlook and a new influence.

In my judgment, the situation in which the United States will find itself in the year 2000 will depend on our relations with these newly established and newly developed nations. If we can develop friendly, cooperative relationships with them, our descendants can hope to live in a world of peace and prosperity. If we remain aloof from them and permit an atmosphere of suspicion and misunderstanding to develop, our security will be endangered and our standard of living will be diminished. We need access to their resources and to their markets; they need our investment capital and our technical guidance.

Everyone, I know, is very much disturbed by the reports of waste and corruption in the operation of the mutual security program. There is no question but that there has been waste and a limited amount of corruption. The General Accounting Office has discovered and reported numerous examples. Our colleagues on the Subcommittee on Foreign Operations and Monetary Affairs of the Government Operations Committee under the chairmanship of the gentleman from Virginia [Mr. HARDY], have reported in detail a number of specific cases. Our own watchdog subcommittee has found evidence of waste and has informed the Congress and the public of the results of its investigations.

The important thing, however, is what you do about waste and corruption. It does not make sense to let the Reds take over South Korea because you find waste in the administration of the program. You do not pull out of Laos because there was evidence of corruption there. The primary concern of all of us should be to correct the deficiencies and to make sure that we get the results that we are seeking.

There is encouraging evidence that these various investigations are bringing about improvements. The International Cooperation Administration made a statement on May 20 that:

Largely as a result of a study conducted by the House Foreign Affairs Committee of our projects in several countries, we have just instituted some major changes in our procedures for project assistance which are designed to reduce the risk of premature obligations of funds for projects, and to bring about more rapid implementation of projects once they have been agreed upon.

I hold in my hand a clipping from the New York Times of May 4, 1959, which bears the headline "Korea Combating Army Corruption—Seoul's Chief of Staff Acts To End Misuse of Supplies—High Officers Ousted." It goes on to say:

A number of high-ranking officers recently were accused of misappropriating military supplies of gasoline, rice, cooking oil, and vehicle parts and of embezzling public funds. As a result, three major generals and three brigadier generals were "advised" to resign from active service.

About 200 other officers of all ranks have also been put on reserve status, some as a result of suspicion of irregularities in their official conduct. Others either resigned voluntarily or had become overage.

The Foreign Affairs Subcommittee for Review of the Mutual Security Programs went into the situation in Korea in considerable detail last January. We made very clear to the Defense Department that conditions which were reported there could not be tolerated. I believe that effective corrective action has been initiated.

I am sure that much more needs to be done to eliminate waste and improve the effectiveness of the program. Let me call your attention to page 15 of the bill which is before you, beginning on line 11, which refers to the Inspector General and Comptroller. The committee is convinced, as a result of its hearings and its investigations, that the ICA was not doing as good a job of evaluating, controlling and administering its operations as it could and as it should. For that reason we have provided in the bill for the establishment of a new official with adequate personnel, reporting directly to the Under Secretary of State who is responsible for mutual security, and have provided this official with authority and with funds to do what is necessary.

This does not mean that the General Accounting Office or the committees of Congress can or should relax their efforts. A continuous and careful examination by people entirely independent of the program is essential. Some of the shortcomings of the program, however, have resulted from the fact that the ICA did not itself find out quickly enough what was going on or take necessary corrective action promptly.

In closing, let me urge that every Member of the House in considering this bill be hardboiled and realistic. In doing so, I hope every Member will be realistic about the Communist danger. Every Member should decide whether it really exists and whether or not we should actively try to meet it.

Is it realistic for us to ignore the Communist threat and to hope that even though we do nothing, some day it will disappear?

Is it realistic to avoid being interested in the affairs of other nations when no part of the world is more than a few hours away; when every nation is so close to us as to be a source of danger if it is an enemy and a useful partner if it is a friend?

Is it realistic even to consider that the United States might follow a go-it-alone policy in world affairs when portions of the globe which were formerly uninhabitable have become important politically and economically, and when minerals which may in the future be vital to our industries and to our defense may be controlled by nations which formerly were undeveloped and without known resources?

This bill provides the means with which we carry on the cold war. I know of no sure or easy way to win the cold war, but I am absolutely convinced that

if we eliminate or drastically curtail the mutual security program, the loss of the cold war will be inevitable.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from North Carolina.

Mr. BONNER. I was interested in the statement the gentleman made saying that if foreign aid were curtailed in certain countries those nations would not tolerate within their borders a military establishment of this Nation. I refer particularly to the word "tolerate." Are our bases based on a condition that the nation in which they are operating objects to the presence of American soldiers or the manner in which our troops that we send there conduct themselves so that they are intolerable?

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. MORGAN. Mr. Chairman, I yield myself 3 additional minutes.

Mr. BONNER. That is an interesting statement.

Mr. MORGAN. I said they incur certain risks from the enemy being there.

Mr. BONNER. The gentleman said that the nations would not tolerate our being there.

Mr. MORGAN. I said that if assistance had been terminated they would not.

Mr. BONNER. That is right. Otherwise, we are buying from them something that we think is beneficial.

Mr. MORGAN. In some parts of the world, yes, we are in a sense buying these bases. They are essential to our security. As I pointed out in my statement, however, in most countries they are glad to join with us in a cooperative effort but they would not allow our installations unless we showed our interest in their own defense efforts.

Mr. BONNER. They are essential to our security. We are looking after not alone ourselves but the security of the people in that nation?

Mr. MORGAN. We are looking after the security of the free world and we are also looking after our own security.

Mr. BONNER. But by the majority of the people there, we are not desirable in their country?

Mr. MORGAN. No; I do not think that is true, and I do not think I said that. We would not be welcome if they thought we were merely using their soil to serve our own interests. As long as they feel we are helping each other they welcome us.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Minnesota.

Mr. JUDD. During the debate on the rule the question was raised, Did the Committee on Foreign Affairs in preparing this bill take into consideration the fact that the United States had the greatest national debt in the world and that we had almost the highest taxes of any nation in the world? Will the gentleman agree that we did take that into account and also that last week or the week before we appropriated our own

Armed Forces 10 times as much as this bill provides? We also took into consideration at that time that our debt is the highest in the world and our taxes are very high. And did not man after man of our Military Establishment say that we could in some cases cut our own Defense Establishment with less danger to our national defense than we cut the military part of the mutual security program?

Mr. MORGAN. That is true. It appears in the hearings. Well qualified witnesses said that a dollar spent on the mutual security program buys more security than a dollar spent on our own defense.

Mr. JUDD. Then we better cut down the \$39 billion that nobody objected to the other day.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Michigan.

Mr. BENTLEY. I want to say on behalf of those who signed the minority report that although we do not agree with the chairman or the majority members of the committee on this particular program, we have been impressed with the way the chairman has conducted these hearings as well as the way in which he has presented the bill today and we particularly want to commend him for his fairness, particularly to the minority members, in giving Members the opportunity to be heard and to express their views, for which we thank him.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I rise to commend the gentleman on his excellent statement and on his fine handling of the committee and his fairness to both sides. May I say the purpose of my amendment to the rule earlier today was to allow 6 hours of general debate as the chairman appearing before the Rules Committee had requested that amount of time. But it was cut by the Rules Committee to 4 hours. We did want everybody to have a chance.

Mr. CHIPERFIELD. Mr. Chairman, I yield myself such time as I may use.

Mr. Chairman, I favor the passage of H.R. 7500 because I believe it is the most practical way of maintaining peace. The continuation of the mutual security program is of transcending importance to the security of the United States and is essential to the strengthening of the nations of the free world.

The events of the past year have proven how vital this program is to our own safety. If it had not been for the economic and military aid given to Taiwan and Quemoy the attacks of the Chinese Communists in all probability could not have been repulsed. We have been able to maintain a firm position in Europe and Berlin because of our NATO alliance. Because of regional arrangements the same is true in South Vietnam and South Korea. Again if it had not been for the Near East doctrine, the mutual security program and our

landing in Lebanon that area too might have been lost.

Our chairman, Dr. Morgan, who has been a tower of strength on the committee, has made an excellent explanation of the bill. There has also been prepared by our colleagues, FRANK M. COFFIN, CHESTER BOWLES, and JAMES G. FULTON a very brief and succinct analysis of the bill which I believe is excellent and was signed by a majority of the members of the Foreign Affairs Committee including myself. The substance of the statement is as follows:

The bill authorizes \$3,642,600,000 for fiscal year 1960, which is a cut by the committee of \$266,800,000 from the President's request.

We think it is all important that, before voting on the authorization bill, you know what the committee did and why.

CUTS IN AUTHORIZATION

One hundred and sixty million dollars in military assistance. This reflects the committee's view that there are areas where redirection of effort can be achieved, such as in Latin America—but also reflects the committee's view that materiel in the pipeline is down to a dangerously low point.

Eighty-five million dollars in defense support. This cut is approximately one-half of the cut in military assistance and reflects the committee's feeling that savings to this extent can be realized by tighter programming—but that deeper cuts would, particularly in the light of world tensions, weaken countries on the fringe of the Sino-Soviet bloc.

In special assistance, \$21,800,000. This cut is intended to force tighter allocations. It was not greater because of the difficulty in reducing a large number of needed programs under this heading, ranging from health, education, military bases, to basic economic programs.

In contingency fund, \$100 million. This cut is half of the President's request. To cut deeper would be to tie the President's hands in the emergencies bound to be faced in the coming year.

INCREASE IN AUTHORIZATION

For the Development Loan Fund, \$100 million. This reflects the committee's view that the economic objectives of our aid must be more in the forefront, the DLF is operating on a sound, workmanlike basis, and that the backlog of sound projects more than warrants this increase.

IMPROVING ADMINISTRATION OF THE PROGRAM

First. New and more accurate language in the statement of purpose.

Second. New standards for allocating both military and economic aid, requiring a Presidential report on exceptions to such standards.

Third. The upgrading of the audit and control function in ICA by establishment of an Inspector General.

Fourth. Enlarging the application of last year's new provision to require engineering and technical studies to be completed before money is obligated to projects.

Fifth. Requiring more specific information from the executive branch in presenting future requests.

The committee spent 11 weeks in hearings, covering 2,000 pages, held 44 meetings, and heard 90 witnesses. We think it did a thorough and conscientious job. One commentator stated:

The foreign aid bill approved by the Foreign Affairs Committee represents the most significant achievement by that group in several years.

Two points we make:

First. To make further significant cuts at this authorization stage would be unjustified, and unwise.

Second. Whatever your final action, we hope that you will read the report, listen to as much of the debate as you can, and give some weight to the quantity and quality of the work done by the committee.

Turning to the military part of this program I would like to call your attention to the charts on pages 11 and 12 of the committee report. These disclose that in terms of the development of military strength the total active strength of the armies of allies of the United States increased from 3.6 million men in 1950 to 4.9 million men in the summer of 1958; the number of active and reserve combatant ships in allied navies increased from 1,200 in 1950 to nearly 2,500 in 1958, with some 1,700 in the active fleets or their supporting activities. The military aircraft inventories of the allies of the United States totaled, in 1950, about 17,000 aircraft, including only about 600 jet aircraft. By June of 1958, the total aircraft inventory was about 30,000, with nearly 14,000 jet aircraft.

The United States has spent \$22 billion since the beginning of the military assistance program to provide assistance to the forces of other nations. These nations which have been the recipients of our military assistance have spent during this period \$122 billion on their own military establishments.

The system of defensive alliances over the world has built up a total strength in which our home forces represent only about one-fifth of the ground force strength.

It is extremely doubtful if we could have built up an equivalent amount of manpower and armament by ourselves, to say nothing of the terrific drain on our resources both in men and dollars. In addition, we have obtained more than 250 airfields, newer early warning systems, better communications systems, and improved and modernized support units.

One of the reasons we have been able to build up such a tremendous deterrent and retaliatory force for so much less money is because it costs so much less to maintain an allied soldier. Each year it costs the United States, taking into consideration pay allowance, subsistence and individual clothing, \$3,666 for every American soldier. To maintain an American soldier overseas, including transportation, fringe benefits, and so forth, costs an additional \$3,000.

It costs a great deal less to maintain foreign soldiers. For example it costs annually only \$185 to maintain a Taiwan serviceman, in Korea \$400, in Greece \$240, and so forth.

To summarize: Between 1950 and 1958 we spent some \$340 billion for our own defense. We have about 900,000 men in the Army, 42,000 aircraft, and 1,700 combatant ships. While for a total expenditure of \$163 billion—\$22 billion which the United States has spent for all allies since the beginning of the military assistance program and the \$141 billion spent by our allies—there are 4.9 million men under arms, 30,000 aircraft, and 2,500 combatant ships.

Mr. Chairman, let us now turn to the field of economic aid. Many feel it is more important than military aid and I believe it is at least of equal importance.

The Sino-Soviet bloc has made credit and grant agreements with some 15 free world countries totaling about \$2 billion. Their goal is to gain control of these countries by economic penetration and then by subversion. It would be folly on our part to ignore this new threat and not take every reasonable step to meet it.

To withdraw our support from these economic programs would be to hand over one by one these free countries to the Communists. We are meeting this threat in a number of ways. While the committee cut the total bill \$266 million they did not cut the bilateral technical or U.N. technical assistance and added \$100 million to the Development Loan Fund.

In many respects the committee has tightened up the procurement part of the program and has established the office of Inspector General and Comptroller. This I hope will give adequate financial control and audit inspection. These steps should correct many of the abuses that crop up in a program of global scope.

(Mr. CHIPERFIELD asked and was given permission to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Chairman, in the foreign-aid bill which is now before us, there is a provision which would allow the continuation of military and economic aid to the Communist regime of Yugoslavia. This is an issue which disturbs many Members of Congress. On the one hand we are compelled to spend billions of dollars for an adequate national defense, along with additional billions of dollars in foreign aid, all because of the threat to our survival caused by the conspiracy of communism. On the other hand, Congress now finds itself in the contradictory position of being asked to authorize public funds for the strengthening of Tito and his Communist regime in Yugoslavia.

Since its beginning in 1948 I have been a strong supporter of the foreign-aid program. I did so because of my conviction that we serve our own best interests when we assist free and friendly governments to become strong enough to resist internal Communist subversion and militarily prepared to stand up to armed Communist aggression. In

the spirit of seeking to preserve a foreign-aid program which would further these original purposes I have engaged in extensive research on the question of where Tito and his regime stand in relation to the international Communist conspiracy which is headed by the Russian imperialists. In this work I have had the assistance of other Americans who have made first-hand studies of Titoism and have personally observed the present Yugoslav scene. Linguists have assisted in the translation of numerous documents and speeches from Russian, Serbian, Slovene, and Croatian into English.

A year ago I presented to the House the results of that study, which many Members of Congress found interesting and edifying.

In the year which has elapsed, Tito's policy has remained the same and our policy toward Tito has—unfortunately—remained the same. Since that policy is based on an indefensible attitude of ignoring the basic facts of the Tito case and since that policy is harming our national interests, I would like to present here again the main findings of the study of a year ago, which have been brought up to date by the most important facts and developments from May 1958 to June 1959.

WHAT IS TITO'S POLICY?

In the course of the last 12 months the promoters of Tito and Titoism as an allegedly "different," better, "democratic," and "independent" brand of communism have pursued with undiminished fervor and disregard for facts, their nefarious work. The best answer to that unrelenting campaign of glorification of a ruthless Communist is to confront it with the incontrovertible facts of Tito's political record of the last few years, which are these:

First. The reconciliation between Moscow and Tito in May-June 1955 during Khrushchev's and Bulganin's visit to Tito took place only after Tito did a unique service to the cause of Communist imperialism by carrying to Asia the message of different, independent, and national communism in 1952-53 and 1954-55. In the course of that campaign Tito openly and repeatedly whitewashed the new Russian leaders, Khrushchev and Bulganin, from all Stalinist crimes and proclaimed them different, well-meaning, peace-loving co-existentialists. It was only after that and on the ground of such services rendered to Communist imperialism, that the Russian leaders came to Belgrade to apologize to Tito and to acknowledge Communist Yugoslavia's right to a separate road to socialism.

Second. During the visit of the late Secretary of State Dulles to Yugoslavia in November 1955, Tito took a stand on the question of Moscow's European satellites diametrically opposed to the U.S. stand. Our position was that they deserved complete freedom from Moscow's domination. Tito's position was identical with Moscow's stand: that the satellites were already free and independent under communism.

Third. At the 20th Congress of the Communist Party of the Soviet Union in

February 1956, Khrushchev not only pronounced his violent denunciation of Stalin, but also enunciated three important new points of doctrine: First, that war between Communist and Capitalist countries was not inevitable; second, that the downfall of capitalism, and the victory of socialism were not necessarily to be achieved through violence; third, that various roads and forms of transition to socialism were to be generally recognized for all countries. The important point for our analysis is that those three sensational innovations were neither invented by Moscow alone, nor imposed by Tito, but a result of common Russian-Yugoslav efforts and theoretical work achieved through a number of contributions, such as by Bebler, 1949; Seleznev, 1951; Piyade, 1952; Stalin, 1952; and Molotov, 1956; to name only a few.

Fourth. In June 1956 Tito visited the Soviet Union and sealed his reconciliation with Moscow with new, unequivocal, and most emphatic expressions of Communist solidarity. He said that the Yugoslav Communists had never failed in their international Communist duties and obligations; he called the Russian Communists brothers in arms and he declared that Communist Yugoslavia and the Soviet Union would march shoulder to shoulder in time of war as in time of peace toward the same goal, the goal of the victory of socialism.

Fifth. On his way back to Yugoslavia, Tito stopped in Bucharest and in an interview with Western newspapermen declared that it was improper to use the term "satellite" when referring to Moscow's colonies in central Europe since the Rumanian were self-governing people.

Sixth. In September and October 1956 Khrushchev and Tito, after a series of airplane flights from the Soviet Union to Yugoslavia and from Yugoslavia to the Crimea, and consultations with a great many European Communists, agreed upon a common plan for the promotion of independent communism. The plan was tried first in Poland, with temporary success, since Gomulka, a ruthless, veteran Communist, was posed as a Polish nationalist and champion of Polish independence. In Hungary the experiment failed, since both Khrushchev and Tito heavily miscalculated with Gero and Kadar, neither of these men could be built into nationalists or Titos because of the open contempt which the Hungarian people had for them.

Seventh. Khrushchev intervened with the brutal use of Russian military might to put down the Hungarian freedom revolution. At that time, Tito spoke of Stalinist mistakes, praised Khrushchev as an anti-Stalinist and justified the Russian intervention, which had, as he said, "saved Hungary for socialism." As for Kadar, Tito said that he was "that which is most honest in Hungary." Everyone knows that Kadar is one of the most detested Russian stooges in Hungary.

Eighth. In January 1957, after Khrushchev had twice in the course of 2 weeks hailed Stalin as a model Communist, a delegation of Yugoslav Commu-

nists visited Poland and praised the two Russian-Yugoslav declarations—Belgrade, 1955, and Moscow, 1956—as important and basic, and condemned Western imperialists for what they claimed were attempts to sow dissension in the ranks of the international workers' movement and disrupt it.

Ninth. In February 1958 the Yugoslav press joined Marshal Zhukov and the Russian press in denunciation of President Eisenhower's Middle East doctrine as what they considered an expression of imperialist and colonial concepts and at the same time ridiculed any talk of a danger of Communist aggression in that area.

Tenth. At approximately the same time Tito and Khrushchev executed a strategic maneuver of the joint Russian-Yugoslav agreement. Yugoslavia inquired in Washington whether the United States was going to supply them with more jet planes or not. Then Moscow started criticizing some very subtle point of Yugoslavia's allegedly national communism to show that Russian-Yugoslav relations were strained. Then the Yugoslav Ambassador in Moscow brought Tito a personal message from Khrushchev suggesting that it would be better to discontinue all open polemics and settle all questions amicably within the Communist hierarchy. The prearranged message was received with great enthusiasm by Tito. After that, Tito's friends in the free world, particularly in Washington, could argue that it was obviously necessary to give jets to Tito to prevent his reconciliation with Khrushchev. Other Western supporters of Tito frantically called for help to Tito, claiming that the Russian-Yugoslav relations were as strained as in 1948 and the West should help Tito maintain his independence.

Eleventh. The Yugoslav press unanimously denounced as imperialistic America's membership in the military committee of the Baghdad Pact, in March 1957.

Twelfth. After realizing that his hopes of visiting the United States as a guest of the U.S. Government were finally shattered by the public outcry against it in the United States, Tito declared that Yugoslavia could not possibly pursue a "unilateral policy." He then proclaimed:

We must have good relations with the eastern countries regardless of some minor differences of ideological character.

Thirteenth. Shortly after Khrushchev had prophesied that our grandchildren would live in a Socialist United States, Tito declared that he had come "to the deep conviction that any sharpening of issues between Yugoslavia and the Soviet Union was completely senseless. It is impossible not to have good relations with those countries which are closest to us." He accused some people and newspapers in the West of attempting to put Yugoslavia on bad terms with the Soviet Union. Tito set the record straight again in the following statement:

But we have no reason to have bad relations with them. * * * We are bound by the same goal; socialism. * * * Therefore,

when they achieve successes, we should rejoice, as well as they should rejoice when we progress. Consequently, there is no reason for any conflict.

Fourteenth. To some visitors from Germany—end of June 1957—Tito said about Stalin that he was "crafty and dangerous, but a great man."

Fifteenth. In August 1957, after Tito had allegedly in his CBS-TV interview—June 30, 1957—sided with Red China and taken exception to some statements of Khrushchev, the Soviet Union granted Tito \$250 million in credit to be used for the construction of an aluminum factory, a hydroelectric plant and a fertilizer factory. At the same time Tito took sterner measures against Western newspapermen accused of slanting their news from Yugoslavia against what he called Socialist democratic order.

Sixteenth. On August 3, 1957, Tito met with Khrushchev in Rumania and concluded an agreement on the basic problems of the international situation. They reconfirmed their joint resolutions of 1955 and 1956 as the basis for the further development of their mutual relations as well as the relations of all socialist countries and they reached full understanding on concrete forms of cooperation between the two Communist parties.

Seventeenth. In August 1957 the Yugoslav press accused the United States of violating the Korean truce agreement, while completely exonerating the North Koreans and Communist Chinese, both of whom had been condemned as aggressors by action of the United Nations.

Tito welcomed Ho-Chi-Minh, an old comintern agent who is now Russian pro consul in North Vietnam, to Yugoslavia and agreed with him on the necessity of discontinuing all nuclear tests. Some Western observers thought they had detected a serious conflict between Moscow and Tito, in the literary and artistic sphere.

The Yugoslav press, which a few months before had greeted Mao-Tse-Tung's slogan in favor of the blooming of all flowers and schools of thought, defended his ruthless extermination of the Red Chinese regime's enemies as a necessary measure of self-criticism.

Eighteenth. In September Gomulka, Cyrankiewicz, Rapacki and Ochab, the leaders of the Communist party of Poland met with Tito, Kardelj, Rankovic, and Vukmanovic, the leaders of so-called independent Yugoslavia. But instead of demonstrating anti-Russian defiance, which the free press had expected, they stressed their fundamental ideological identity on the basis of socialism and proletarian internationalism, very aptly defined as the Communist term for accepting Russian leadership and following all political directives given by the Soviet Union and the Soviet Communist Party, according to the New York Times, December 9, 1957. Gomulka emphasized Communist dominated Poland's solidarity with the Soviet Union, "the first and mightiest socialist country," as well as with Red China. He also said that since Poland and Yugoslavia were

building socialism according to their specific conditions this made them members of the great socialist family. Polish-Yugoslav cooperation was thus cleared up as a contribution to the strengthening of the Communist movement in the world. Gomulka stated his opposition to the forces of colonialism which he claimed were interfering in the affairs of countries of the Socialist bloc. Tito wholeheartedly responded:

We know what we want and we are doing our best to realize it. * * * We are Communists—we collaborate with the Soviet Union. When we speak of separate roads to socialism, that should not be taken literally, i.e., in the sense that we have a separate road in every respect, in all things. We have many things in common. All of us have the revolutionary inspiration from the great October revolution, which gave us the elements upon which we built what we have today. We are led by the principles of Marxism-Leninism. Today we must do everything which is in accordance with our internationalist obligations.

Tito stressed the great contribution of the Soviet Union to the success of socialism in the world and added that he did not see in general among all socialist countries any elements which would stand in the way of constructive socialist cooperation. Tito then explicitly shattered the Western illusion of Polish and Yugoslav national communism, when he said:

I wish, comrades, that Poland and Yugoslavia—which are much criticized for practicing some national communism, which I consider nonsense—ought to show that they have no use for any national communism.

After endorsing all the main points of Soviet foreign policy—ban of thermonuclear weapons, division of Germany, recognition of the Oder-Neisse Polish border, Soviet stand on the Middle East, admission of Red China to the U.N., a status quo—Tito ridiculed those who had expected that a meeting of Polish and Yugoslav Communists would lead to a weakening of the Communist world movement. On the contrary, he said, those two countries had the duty to work for the closest possible cooperation between all Socialist countries and moreover the "active coexistence between countries and peoples with different social systems was profitable to the further development of socialism."

Finally, he proclaimed that former or future Russian-Yugoslav dissensions should not be dramatized, relations between Socialist countries should be such as to give mighty impetus toward creating confidence in the Soviet Union in the whole world.

Nineteenth. On September 20 the Belgrade daily Politika, organ of the Communist Party, published an article which Tito had written for the Foreign Affairs magazine—October issue. In this article, Tito first assailed the lack of confidence with which every move of the Russian leaders was met in the West. He put the blame on the West for the present uneasy international situation which he claimed was characterized by "encirclement, war threats, and aggressive attempts to isolate the Soviet Union."

The NATO has no justification, according to this Tito article. It is a mat-

ter of growing distrust and deepening rift between the East and the West. As for the Warsaw Pact, it was of a purely defensive nature and it would cease to exist as soon as NATO was disbanded.

As for the Middle East, Tito assailed free countries for what he called the "policy of interference in the internal affairs of the Arab countries," and particularly the Eisenhower doctrine. Tito added:

I consider that the present policy of the colonial powers toward the peoples of Africa and Asia is wrong and that it represents a latent danger for war conflicts.

After pleading for the admission of Red China in the U.N., Tito tackled the most delicate question of Communist Yugoslavia's position in the world:

In the West the question is often asked and various answers are suggested regarding where Yugoslavia stands and where it will stand. The reason for such guesswork lies in the fact that Yugoslavia is a Socialist country, that it is building socialism. Therefore, people in the West think her goal is the same as the goal of the Soviet Union and other countries of the East. Yes, it is true that our goal is the same.

Twentieth. In October, Tito's Communist regime recognized the satellite regime of East Germany and on October 19 Western Germany broke diplomatic relations with Tito. By this act Tito gave additional evidence of his firm adherence to the Moscow line.

Twenty-first. The recognition of East Germany by Tito was the last straw to break the patience of Tito's friends in the free world, who now warned him in very solemn terms that, unless he pulled himself together, he would certainly lose the support, military, if not economic, of the free world. So, a few days after Yugoslavia's recognition of East Germany it was announced that Tito would not go to Moscow to attend the celebration of the 40th anniversary of the Bolshevik revolution.

Twenty-second. While Tito's friends and supporters did their best to convince public opinion of the free world that once again great tensions had developed between Moscow and Communist Yugoslavia, Kardelj, the first vice president of Communist Yugoslavia, and the head of the official Yugoslav delegation to the Russian celebrations of the 40th anniversary of the Bolshevik revolution, spoke Tito's mind in Moscow. He said:

Together with you (Russians) we are building relations of friendship and cooperation, based on the great idea of proletarian internationalism. * * * The Yugoslav Communists are delighted at every success of the Soviet peoples, because their victory means a gain for socialism in the whole world.

Rankovic, Tito's chief of the secret police, made similar speeches, stressing the "indissoluble links between our revolution and the great October revolution."

Twenty-third. The celebrations of the 40th anniversary of the Bolshevik revolution comprised, among other activities, a meeting of the heads of all Communist countries, November 14-16, 1957, and a meeting of the representatives of all Communist parties in the world, November 16-19, 1957. From the first a declaration was issued, which the Yugoslav

delegation did not sign. From the second a peace manifesto was issued, which Yugoslavia signed, along with the representatives of 63 other Communist Parties.

Tito's refusal to go to Moscow and his refusal to sign the Moscow declaration were used in an effort to impose on public opinion of the free world the idea that the Russian-Yugoslav relations were constantly burdened by heavy tensions and basic disagreements. Such an interpretation can by no stretch of imagination stand the test of the pertinent facts of the matter.

As far as the declaration is concerned, Tito himself declared in an interview with Mr. Sulzberger of the New York Times—February 28, 1957, published on March 6, 1957—that Yugoslavia refused to sign that document not because of disagreement, but because the document could not contribute to the lessening of world tensions and especially because Yugoslavia was directly involved in some points. At the same time Tito declared that Yugoslavia's refusal to sign that document was nothing tragic and that Yugoslav-Russian cooperation would not suffer because of that.

The Moscow declaration does not contain anything that could possibly cause any serious disagreement between Yugoslavia and the Russians. On the contrary, the declaration contained all the theoretical points evoked jointly and solemnly proclaimed by Moscow and Tito ever since 1955. It spoke of the "tremendous growth of the forces of socialism" in the world. It attacked the United States so-called positions-of-strength policy; it stressed "complete equality, respect for territorial integrity, state independence, and sovereignty, and noninterference" in the relations between Socialist states; it stressed the solidarity of all Communist countries, pursuing Marxist-Leninist international policy and "combining internationalism with patriotism"; it especially pointed to the necessity of applying the "principles of communism in keeping with the specific features" of every country.

Moreover, it reiterated and developed the basic thesis of the 20th Congress of the Communist Party of the Soviet Union in a manner which was clearly recognizable in the draft of the new program of the Communist Party of Yugoslavia presented at its 7th congress in April 1958, with accent on the two basic points, first, that socialism had made such progress in the world that in the future "the Socialist revolution" could be achieved by peaceful means and state power could be won without civil war; second, preparing for any eventuality, the declaration emphasized the old Leninist thesis that the use of violence depended ultimately not on the Communists but on its enemies. If "the reactionary circles" capitulated, violence would be unnecessary. If they fought back, the transition from capitalism to socialism would be "nonpeaceful."

From this development it is now clear that the main document coming out of the Moscow celebrations was not the declaration, but the peace manifesto, which endorsed every major foreign pol-

icy proposal of the Soviet Union—New York Times, November 23, 1957. While based on the same premises as the declaration the peace manifesto was sharper and more aggressive. It hailed the fact that the land of the Soviets is no longer alone and isolated and praised its relentless struggle for peace, especially in view of the warmongering attitude of the Western ruling circles which were "under pressure by monopolies, especially those of the United States." This is the document Tito agreed to and which was signed by the Yugoslav Communists.

Twenty-fourth. Only a few days later, Kliment Voroshilov, president of the Soviet Union, sent a congratulatory telegram to Tito, on the 14th anniversary of the Communist takeover of Yugoslavia, in which he spoke of the "brotherly cooperation between our countries based on unity of aims."

Twenty-fifth. In his New Year's message of 1958 Tito declared that "some colonial powers cannot accept the idea that the time of colonialism has passed." Tito thus associates himself in the Russian propaganda campaign to smear the Western powers as colonial and imperialists. He condemned the American reaction to the sputniks. He stated that while the whole world took them simply as a great contribution to the scientific progress of mankind, the United States saw in them a war challenge which required military counter-measures.

Finally he denounced the NATO Conference for concerning itself with military matter instead of what he regards as peace.

Twenty-sixth. On January 18, 1958, the French military authorities seized off the coast of Oran a 150-ton Yugoslav shipment of arms to the Algerian rebels.

Twenty-seventh. One week later Tito, speaking at the Congress of the People's Youth of Yugoslavia, denied that Yugoslavia was smuggling arms, but at the same time declared that "as Communists, the Communist leaders of Yugoslavia sympathize with all the colonial people who want to be masters on their own soil."

Twenty-eighth. The newly elected president of Tito's Communist youth movement made this pronouncement:

I especially want to emphasize for our comrades from the Arab countries, our comrades from Indonesia, our comrades from India, our comrades from various parts of the globe who are fighting for their national independence, who are fighting against colonialism, that the People's Youth of Yugoslavia will always stand with them.

Twenty-ninth. The Yugoslav press played up the 10th anniversary of the Russian subjugation of Czechoslovakia with this theme, "Socialist Yugoslavia always rejoiced at the successes of the peoples of Czechoslovakia in the struggle for socialism."

Thirtieth. Tito's interview with Mr. Sulzberger of the New York Times is certainly one of the most edifying exposures of Communist Yugoslavia, in which Tito mercilessly shattered all the premises of western Titoism. He proclaimed the military value of the

vaunted Balkan pact as reduced to zero, he said that Yugoslavia felt threatened by the creation of U.S. missile bases in Italy, he explained Yugoslavia's recognition of East Germany as a natural consequence of the Yugoslav policy of coexistence. He said that it was impossible for any country today to be neutral. As for national communism, he declared:

I must say that there is no national communism. Yugoslav Communists are also internationalists. The whole thing is that various countries which are building socialism have different conditions under which the new system is being built. That does not mean that the systems are different, but only that there are differences in the roads which lead to the same Socialist system. As far as our international obligations as Communists are concerned, I must say the Communists of Yugoslavia have never failed to fulfill them.

As for Stalin, Tito declared:

Of course, I met and admired Stalin. * * * I still esteem some of his qualities.

Thirty-first. In his so-called electoral speech of March 16, 1957, Tito praised the Communist method of electing representatives as truly democratic, whereas the method of the West was the opposite, since there, "the people, the voters, have no part in determining who will be their candidate."

He was full of sympathy for the colonial peoples. He branded the attitude of the United States on the events in Indonesia as warmongering and hypocritical. As for the summit conference, he entirely approved of the Russian strategy, and blamed the West for sabotaging their efforts.

He announced that Russian-Yugoslav relations were good and were developing very well, and the same applied in general to the relations with all Communist countries.

Thirty-second. When Tito, after allegedly struggling with many difficulties and very sensitive problems of his supposedly strained relations with Moscow, addressed the Seventh Congress of the Communist Party of Yugoslavia on April 22, the first thing which he chose to emphasize was that the idea of a crusade against communism was only the work of imperialist aims and colonial subjugation. It was the West which was responsible for the creation of military blocs, which was its answer to the "victory of the Chinese revolution" and to Stalin's inflexible policy. He claimed that the Soviet Union underwent radical changes which exerted a strong influence on the relaxation of international tensions. He then pointed out that as a consequence Russian-Yugoslav relations were closer because the important thing was that "between us there is more confidence; that we understand each other; that there exists a friendly and sincere exchange of opinions and experiences on the basis of which broad cooperation is developing."

Tito rejected criticisms to the effect that the Yugoslav Communists were not internationalists by stressing that internationalism did not depend on some formal adherence or words and propaganda, but on the building socialism in domestic policy and of practicing Marxism-Leninism in international relations. Speak-

ing of the rift with the Russians in 1948, Tito made the very important and revealing statement that the Russian stand created in the world doubts as to the correctness of the policy of a country "that throughout this whole period was a beacon to the international workers' movement." Because of this he said "the revolutionary blade was blunted" and the enemies of socialism, "the international reactionaries," exploited this Communist predicament to the utmost.

Tito praised the work of the 20th Congress of the Communist Party of the Soviet Union, which, together with the Belgrade and Moscow declarations, renewed the confidence in the Socialist forces of the world. Tito also revealed the essence of the new Communist strategy of soft, different communism by explaining that the new line of the 20th congress and the 1955 and 1956 joint resolutions did not represent a weakening of the Socialist world, "but precisely its opposite—this makes possible the mobilization of all the forces of socialism."

Thirty-third. On the occasion of the 41st anniversary of the Bolshevik revolution in Russia, the Yugoslav Communists were especially cordial in their congratulations and wishes for "new successes in the building of socialism." While some Western newspapers wrote about the alleged seriousness of a new Moscow-Tito rift, the Yugoslav press praised in glowing terms the October revolution. Special prominence was given to Tito's words that "the 7th of November 1917 represents a historical turning point in the life of mankind. That date marks the beginning of the revolutionary process toward the Socialist transformation of the world."

Thirty-fourth. While western Titoists wrote eulogies on the democratic development of Communist Yugoslavia, Tito's regime nationalized, actually confiscated, all real estate in Yugoslavia—December 1958. According to an official spokesman:

Our road is clear and it leads to socialism and therefore in Yugoslavia private property and private ownership must disappear.

Thirty-fifth. At the height of the concerted campaign of Moscow and Peiping against Tito, the periodical *Komunist*, organ of the central committee of the CPY, wrote on January 14, 1959, that Yugoslavia would "continue to support positive diplomatic moves by the Kremlin despite the Soviet bloc campaign against the Tito government."

Thirty-sixth. The true character of Tito's regime was also revealed by the fact, established by the officially appointed Zellerbach Commission on Refugees, that Communist Yugoslavia was "the chief refugee-producing country in Europe today"—March 1959. In the last 2 years nearly 40,000 people escaped from Communist Yugoslavia. Does that indicate that the Yugoslav regime has the support of the people?

Thirty-seventh. In April 1959 the Soviet Communists sent congratulatory telegrams to their Yugoslav comrades, on the 40th anniversary of the founding of the CPY. The Yugoslav Communist leadership seized the occasion to suggest "constructive, comradely discussion,"

which would "aid the speedier solution of problems facing the international workers' movement."

Thirty-eighth. During the celebrations of the 40th anniversary of the CPY, Tito stated that "after the CPSU—Communist Party of the Soviet Union—it was the CPY which most consistently fulfilled its revolutionary role."

Yugoslavia was and is a component part of the world's movement toward socialism. We Yugoslav Communists consider that the further development of the international situation will follow the line of the growth in all countries of those forces which will carry the historical revolution toward the strengthening of socialism.

Thirty-ninth. The close contacts and coordination of efforts between Moscow and Tito have also been revealed, subtly but unmistakably, in all the recent talks about European economic integration. Khrushchev has on several occasions hinted at the need for a socialist federation which would encompass at least all Communist-ruled countries in Europe. During his recent trip to Albania he spoke of the creation of a "zone of peace" in the Balkans and the Mediterranean. His statements, though not quite precise and concrete, were obviously motivated—as all Soviet policy regarding Berlin, Germany, and Eastern Europe—by the desire of consolidating the existing Communist status quo in half of Europe. While Western observers failed to observe anything, Tito expressed his agreement with the zone-of-peace idea and Kardelj, in his interview with the French weekly *France-Observateur* of April 9, 1959, denounced all non-Communist economic integration and strongly pleaded for a "world integration," based on a "program of struggle for socialism."

Fortieth. On May 5, 1959, Kardelj spoke before Yugoslavia's Peoples Front and made these significant remarks:

The differences between us and some other ruling Communist parties are only the expression of the contradictions which are proper to the whole socialist development, i. e. which do not represent any 'national' specific trait of Yugoslavia.

Differences have not arisen because we or others were nationalists or people with national limitations, or because we or others would oppose a dogma to another dogma.

We are not against what in the socialist camp or bloc is socialistic, what keeps the socialist solidarity in it, but we are against some elements of concrete policy. * * * To refuse acceptance of such conception of the bloc does not mean to reject the socialist solidarity, much less to reject socialism itself. It only means that we reject some concrete concepts about the relations between socialist countries * * * because in our opinion, they do not contribute to the full and adequate affirmation of socialism which would correspond to its real present strength. We are consistent not only in the building of socialism but in the defense of the principle of socialist solidarity.

Forty-first. While Kardelj reaffirmed in unmistakable terms the full solidarity of Communist Yugoslavia with Moscow, Tito complained—May 22—about student demonstrations against the regime and declared that "there can be no democracy for those who are enemies of the process of further socialist development in our country."

The facts presented constitute sufficient evidence to support the following conclusions about Tito and where he stands in the international conspiracy of communism:

First. Since 1955, when Tito solemnly reconciled with Moscow, there have been no signs of estrangement or any major strains in Russian-Yugoslav relations. There have been some minor differences in views, but they have always been subordinated by both sides to the common political goal of spreading communism in the world. The Yugoslav foreign minister, Koca Popovic himself declared on April 25, 1958, that Russian-Yugoslav relations "need not be harmed" by those differences.

Second. The artificial creation of situations of tension between Russian and Yugoslavs has become a regular feature of the pattern of Russian-Yugoslav strategy for extracting United States dollars. Tito's "estrangement from Moscow" occurs each year just as Congress takes up the foreign aid bill.

Third. Yugoslav foreign policy has not undergone any noticeable change since 1955. Tito's statement of February 1955—upon his return from Asia—that "our policy has never been different from what it is today" and that it was the same as "6, 7, and 8 years ago—nothing has changed"—is clearer today than it was 4 years ago.

Fourth. In the last few years Tito has worked out jointly with Moscow a new strategy, based on the lessons of the Stalin-Tito break of 1948 and adapted it to the new opportunities which they have created for the spread of communism in the world.

Far from growing further apart ideologically and politically, Tito and Khrushchev have come closer together. Tito has on policy and in practice supported all the most important moves of Russian-Communist foreign policy.

Fifth. Conversely, and necessarily, Tito has constantly taken a stand against the basic principles and moves of the U.S. foreign policy.

Sixth. There can be no talk of any Yugoslav independent foreign policy under its Communist regime. As Tito himself admitted and explained, his foreign policy was only formally independent, but was actually thoroughly devoted to the promotion of precisely the same goal as the Russian foreign policy, supplementing it and spearheading it.

The clash between Stalin and Tito on the question of how the cause of communism could be promoted best, led both sides to examine their positions and smooth out their differences. Through combined efforts, Khrushchev and Tito devised a new strategy of equality, independence, noninterference, and separate roads to socialism. Although the hypocrisy of their deal was revealed in the case of the Hungarian revolution of 1956, it is still being used with great success to deceive the free world, to give plausible cover to Communist sympathizers to promote communism by criticizing it and thus promote the interests of Communist imperialism in the most efficient manner.

Seventh. Tito not only is wholeheartedly participating in the world conspiracy of international communism, but is playing a key role in it.

Mr. HALEY. Mr. Chairman, recently the President requested the Congress to increase the legal debt limit. Of course, the request was for only a temporary increase, but we have heard that song before and we know that if this request is granted, it will be temporary only in legal fiction.

At the same time, we are asked to support this foreign aid program. In all good conscience, how can we justify this foreign aid giveaway when it will mean additional borrowing at a higher rate of interest in order to pay the costs of this nonsensical program. Furthermore, how can this be justified in the face of the campaign to balance the Federal budget? It seems to me that this request for the foreign aid program and the request to lift the legal limit of the public debt is inconsistent with sound governmental fiscal policies and with the publicized campaign to balance the budget.

Each year when this matter comes before the Congress, ample evidence is presented which clearly shows the willful and malicious abuse, waste, and corruption connected with this program. The Comptroller General of the United States has submitted reports to Congress carefully documenting many instances of waste, inefficiency, and gross mismanagement in the operation of this program. The General Accounting Office has done a magnificent job in presenting to the Congress factual material which they have carefully documented. But has anything been done to alleviate these conditions? No, certainly not. Why? I say there is a very strong presumption that nothing has been done because of the fact that too many people have been reaping the financial harvests from these corrupt practices. Who must pay? The American taxpayer.

In the last report to the Congress by the Comptroller General, there was a glaring example of the seriousness of the unsound practices on the part of the officials administering this program reflected by the following facts set forth in the report.

The International Cooperation Administration Mission at Pakistan owned a fleet of 229 passenger-carrying vehicles and operated 7 additional vehicles on loan from the government of Pakistan. In addition, the Mission had the use of several vehicles procured for specific projects. At the same time, the actual personnel strength of the Mission was 271 Americans including contract personnel.

This same Mission, consisting of 271 persons, also carried in its inventory 529 refrigerators, 666 room air conditioners, 650 stoves, and unitemized household furniture which was stored in a warehouse, all of which was valued at \$417,000.

Is it reasonable to assume that each of these 271 persons needed "more than 1 stove, 1 refrigerator, and 1 air conditioner"? I dare say there are many people in the United States who are not

so fortunate. It is fantastic and downright unbelievable that the American people will continue to support this foreign-aid program as it has been and is being administered. Remember this is not the first report of gross mismanagement, inefficiency, and negligent handling of the American taxpayers' hard-earned money in the operation of this foreign-aid giveaway, wasteaway program. It is just plain economic suicide to continue such practices.

It is not enough to brush off abuses, inefficiency, malpractices, and gross mismanagement with an indifferent excuse that such things are inherent in the political order of things and in the operation of Government programs. Regardless of the program, whether it is sound or unwise, there is not excuse for the American people being "hoodwinked" into believing that abuses of authority or inefficient management in the operation of a program of this kind should be ignored.

Many of my constituents who have traveled abroad have written to me complaining of many instances of mismanagement, inefficiency and loss of American prestige because of the operation of this foreign-aid giveaway. They have complained also about the ineffectiveness of the program in the countries they have visited. They have expressed serious doubts as to whether the Congress should continue to support such a costly program in view of the apparent waste, inefficiency and ineffectiveness of the program.

I insist that we cannot afford to continue this program. In our present battle for the hearts and minds of men, and in our zeal to contain communism, we must seek to spread the virtues of freedom, freedom not only from Soviet domination but from all other forms of control which suppress individual freedom and liberty. This objective cannot be achieved by subsidizing governments that are hostile to such principles, and that is exactly what we have done in our foreign-aid program.

In 1958, the United Nations General Assembly voted to censure Soviet Russia and Hungary for the repression of the Hungarian people. Although the censure motion was carried by a vote of 50 to 14, 15 nations refused to commit themselves on this issue. Of the 15 nations who abstained from voting, 14 have received some form of aid under our foreign-aid program; many of these nations have received a very substantial amount of aid from the United States. The 14 nations were Afghanistan, India, Ceylon, Indonesia, Ethiopia, Ghana, Libya, Morocco, Sudan, Saudi Arabia, Iraq, Lebanon, Greece, and the United Arab Republic—of the latter, member nations Egypt and Syria have received mutual assistance funds. The delegate of Israel, a nation which has received much assistance from the United States, was absent at the time of the vote.

From this vote, on which 14 recipients of mutual security funds refused to commit themselves on a clearly defined question of freedom, it would appear that we

have not been very successful in spreading the virtues of freedom.

We must, now, consider the effect of the foreign-aid program on the American people, the taxpayers. At a time when the public debt of the United States is greater than the combined total of the public debts of the 72 countries who have received our foreign-aid funds, it seems to me that we should be very much concerned, and be doing everything possible to reduce the terrific burden placed on the backs of the American taxpayers.

Mr. Chairman, I suggest it is time we get our own house in order and show more concern for the American taxpayer and our own economic well-being. In order to continue to be a strong force in behalf of freedom in international affairs, it is absolutely essential for the United States to remain financially sound and secure. Therefore, to increase our national debt and borrow money at a higher rate of interest, which will be necessary in order to continue this foreign-aid giveaway, simply does not make sense. It damages our position and weakens our strength at a time when we can ill afford either.

Mr. Chairman, I hope every Member of this body will consider the ill effects of our enormous public debt, our high taxes, the high interest rates, and inflation when the time comes for a vote on this bill. In addition, I suggest that every Member of the Congress read the report of the Comptroller General of the United States to the Congress dated March 1959 on the "Examination of Economic and Technical Assistance Program for Pakistan, International Cooperation Administration, Department of State, for the Fiscal Years 1955-57," as well as the "Seventh Report of the House Committee on Government Operations Relative to United States Aid Operations in Laos."

After reading these reports, I do not see how, in good faith and good conscience, any Member can justify a vote for the continuation of this program.

THE "CONSENT OF THE GOVERNED"
AMENDMENT

Mr. REUSS. Mr. Chairman, the Committee on Foreign Affairs has presented the House with an admirably constructed piece of legislation. In a dozen different days, it can give our foreign-aid program a new sense of drive and direction.

I want particularly to commend the committee for having added to the statement of policy the sense of Congress that this country has an abiding interest in assisting the efforts of the people of the world to realize their aspirations for improved living standards, for education, for governments of their own choosing, and for dignity and respect as individual human beings.

This amendment comes to grips with what is surely one of the most vexing problems of our foreign-aid program, the dictator dilemma. We are not very happy about giving aid to dictators. But just what is a dictator? And are we to cut ourselves off from countries such as Burma, Pakistan, Indonesia, the Sudan, Korea, Cambodia, Iran?

The language offered by the committee, instead of taking the negative view of turning thumbs down on dictators, turns the smile of encouragement on those who are moving toward democracy. Without placing any rigid conditions on our aid, the amendment nevertheless lines us up on the side of those who work for improved living standards, for education, for governments of their own choosing, and for dignity and respect as individual human beings. The first two goals—more food, clothing, and shelter, and less ignorance—have been goals for some time. The remaining two—governments of their own choosing, and dignity and respect as individual human beings—are stated for the first time.

The amendment accomplishes two things.

In the first place, it sets up a standard for all the world to see that we not only believe in democratic majority rule, with respect for the rights of individuals and minorities, but that we look toward its extension as the best alternative to communism. The amendment does not mean that we cannot ever aid a dictator. It does mean that the goal of peoples we assist ought to be that of majority rule, with minority rights. The example of Kenel Ataturk in Turkey a generation ago shows that it is possible for even a dictatorship to move toward democracy.

Rule by the majority, with protection for the minority, is not merely a political goal. Our adoption of this amendment will signify that we recognize that a country in which everyone has a stake in the government is likely to move just that much faster toward economic progress and stability. Such a stake is impossible under a dictatorship, Communist or otherwise.

In the second place, the amendment constitutes a guide to the Executive on how it should administer the mutual security program. If democracy is to be encouraged, the limited funds available for foreign aid must be marshaled to help people who are sincerely trying to move toward "governments of their own choosing, and for dignity and respect as individual human beings". We cannot aid every country in the world. If the choice has to be made, let it be made in favor of those countries which are genuinely moving toward government with the consent of the governed.

Furthermore, the march toward democracy can be furthered by the type of aid itself. Two such types—improved living standards and education—are mentioned specifically in the amendment. Public administration missions, land reform, and village development programs are other examples of what we can do to stir the beginnings of democracy.

The amendment should guide not only what countries are to be aided, and by what types of aid, but how American aid officials should conduct themselves. The current bestseller, "The Ugly American," undoubtedly exaggerates the aloofness from the people of certain American officials abroad. But the best

answer to the criticism is for our shirt-sleeve ambassadors to practice the precepts of the amendment. The amendment suggests that the kind of men and women the United States ought to send abroad about its foreign-aid business are the kind who Thomas Jefferson or Abraham Lincoln would select.

Mr. Chairman, it is not too much to hope that this amendment will give the foreign-aid program a sense of direction which it has so often lacked.

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, had come to no resolution thereon.

DESIGNATING PETALUMA CREEK
AS PETALUMA RIVER

Mr. CLEM MILLER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 2191) to designate a stream in California as the "Petaluma River."

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the body of water in California now designated and referred to as "Petaluma Creek" shall hereafter be known and designated as "Petaluma River." Any law, regulation, document, or record of the United States in which such body of water is designated or referred to by the name of "Petaluma Creek" shall be held and considered to refer to such body of water as "Petaluma River."

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

CORRECTION OF VOTE

Mr. GAVIN. Mr. Speaker, on roll-call No. 84 I am recorded as not voting. I was present and voted "yea." I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

WILLIAM MURPHY, JR.

(Mr. CHENOWETH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHENOWETH. Mr. Speaker, we were happy to have as a visitor in the gallery today Martin J. Murphy, Jr., of Colorado Springs, Colo. Martin won the national award of the National Science

Fair in Hartford, Conn., last month, and received the award of the American Medical Association for his research studies.

I congratulate Martin on winning this national contest. It was an outstanding achievement and we are very proud of him. He competed in Hartford at the National Science Fair against 320 of the Nation's leading students in science, who had been selected from an original list of contestants numbering about 500,000 over the country.

Martin will be a senior next year in Abbey School in Canon City, Colo., where he has been studying for the past 3 years. He first won the Regional Science Fair, sponsored by the Science Service of America, at Pueblo, Colo. In this contest he was sponsored by the Pueblo Junior College and the Pueblo Chamber of Commerce, who sent him to Hartford to compete in the national fair.

The American Medical Association rewarded Martin with a trip to their annual convention in Atlantic City last week, where he was interviewed by President Eisenhower. He is stopping in Washington on his way home and it is a great pleasure to welcome him to the Nation's capital.

Martin's research studies consisted of a graphic demonstration illustrating how a body hormone affects blood production, and also how it unites with the blood cells. His discovery will be of great value to the medical profession in the treatment of various types of diseases.

Mr. Speaker, in these days when so much stress is being placed upon scientific development and research it is most encouraging to see a boy like Martin Murphy achieve this national recognition. It is a great tribute not only to him, but also to Abbey School and his teachers. It is proof that our young people are interested in science and that they will not be excelled by any group in any other country.

Martin is the son of Mr. and Mrs. Martin J. Murphy, Sr., of Colorado Springs. He plans to continue his scientific studies and take up medicine. He has already been offered several scholarships, and I am sure the medical world is going to hear more about Martin Murphy in the years ahead.

PERIL-POINT PRICES ON LEAD AND ZINC

(Mr. BAKER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BAKER. Mr. Speaker, I have today introduced a bill to amend the Internal Revenue Code of 1954 to impose import taxes on lead and zinc. I understand that several Members of the House representing mining districts are introducing identical bills.

This proposed legislation establishes peril-point U.S. market prices of 15½ cents per pound for lead and 13½ cents per pound for zinc.

Below the peril-point prices it imposes a 4-cent per pound import tax on pig lead or slab zinc and a compensatory

schedule of import taxes for other unmanufactured and manufactured lead-zinc articles. At the peril-point prices, or above, the residual ad valorem or specific duties on manufactured articles such as the zinc content of zinc sheets, zinc strips, brass, and so forth, is retained.

The bill provides for duty-free imports of unmanufactured lead and zinc at or above peril-point prices by suspending present duties on unmanufactured lead and zinc and retaining only residual ad valorem or specific duties on most manufactured lead-zinc articles.

It provides for Tariff Commission determination of U.S. market price on the 15th day of each calendar month in order to effect the application or nonapplication of the tax for imports during the following calendar month.

This bill will permit the production of 550,000 tons of zinc and 350,000 tons of lead in the United States, and if enacted into law, will cause many lead and zinc mines to reopen and will increase the production of many mines now operating below normal, and will result in the reemployment of thousands of workers in the United States.

After long and extensive hearings, the U.S. Tariff Commission last year recommended to the President the imposition of reasonable duty or import tax on lead and zinc. Instead of accepting the recommendation of the Tariff Commission, the President imposed moderate quotas. This quota system has now been in effect about 8 months. The price of zinc in this country has increased from 10 cents a pound to 11 cents a pound, partly due to the quotas and partly due to improvement in the general economy and in the international situation; but, it is apparent that the price of 11 cents a pound for zinc is wholly inadequate. The quota system simply has not worked and, in my judgment, it will not work.

The fair and effective remedy is the one offered by the bill which I have introduced. I urge favorable consideration of this bill by the Committee on Ways and Means and by the Congress.

BENEVOLENT AND PROTECTIVE ORDER OF ELKS, NORTHSHORE LODGES, SPONSOR FLAG DAY CELEBRATION

(Mr. LANE asked and was given permission to extend his remarks at this point in the RECORD and to include a speech.)

Mr. LANE. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to include the program of the annual Flag Day exercises under the auspices of the Northshore Lodges, Benevolent and Protective Order of Elks, at Peabody, Mass., on June 14, and my remarks on this occasion.

THIRD ANNUAL GRAND COMBINED FLAG DAY CELEBRATION, SPONSORED AND CONDUCTED BY BENEVOLENT AND PROTECTIVE ORDER OF ELKS, SUNDAY, JUNE 14

PROGRAM

Master of ceremonies: Robert C. Tierney, PER, Peabody.

Invocation: Rabbi Noah Goldstein, Peabody.

Address of welcome: Exalted Ruler Donald Y. Sellers, Peabody.

Elks greetings: By Exalted Rulers Arthur Davis, Lynn; Roscoe Cole, Salem; Francis Wall, Marblehead.

Emblem Club greetings: Peabody Emblem Club No. 2.

Community greetings: Peabody and visiting city and town officials.

Vocal selections: SPEBSQSA, combined Lynn, Salem, and Marblehead Chapters.

Elks Flag Day ritual: Introduction, Peabody Elks officers; prayer, Chaplain James W. Hallinan, Peabody Elks; history of the flag, Exalted Ruler Arthur Davis, Lynn, and Exalted Ruler Francis Wall, Marblehead; response, Exalted Ruler Roscoe Cole, Salem.

"What the American Flag Means to Me": J. Cassotis, Danvers, winner, Massachusetts State Elks Youth Leadership Contest.

Patriotic address: Congressman THOMAS J. LANE.

Vocal selections: SPEBSQSA Choral Group. Flag-raising ceremony: City officials and Elks.

Presentation of flag to city of Peabody: Exalted Ruler Donald Y. Sellers, Peabody.

Benediction: Rev. Norman L. Kellett, St. Paul's Episcopal Church.

Music: By Peabody Senior and Junior Clippers.

Color guard: Marine Corps Reserve of Lynn.

Color guard and firing squad: Post 1011, VFW, Peabody.

Closing: Selection by SPEBSQSA Choral Group.

PARTICIPATING ORGANIZATIONS

Peabody: Post 1011, VFW; Post 153, AL; Portuguese-American Veterans; Post 100, DAV; St. Michael's Society.

Salem: AMVETS, DAV, PLAV, Emblem Club.

Marblehead: American Legion, VFW, Emblem Club, OKOS.

Lynn: PLAV, Marine Corps Reserve, Emblem Club.

SPEECH OF CONGRESSMAN THOMAS J. LANE AT ANNUAL FLAG DAY EXERCISES, UNDER THE AUSPICES OF THE NORTHSHORE LODGES, B.P.O.E., PEABODY, MASS., SUNDAY, JUNE 14

Greetings. Flag Day originated in the resolution adopted on June 14, 1777. Almost a year after the Declaration of Independence, the Continental Congress decided that the flag of the United States shall be 13 stripes alternate red and white, with a union of 13 stars of white on a blue shield, representing a new constellation.

No change in the design or number of stars was made until January 18, 1794, when Congress voted to add two stars and two stripes on the admission of Vermont and Kentucky to the Union.

On April 18, 1818, Congress voted to perpetuate the original 13 States by fixing the number of stripes as 7 red and 6 alternate white stripes, with the number of stars in the blue field to correspond with the number of States in the Union. On the bright, clean flag that symbolizes the United States, many stars were added during the westward expansion of the last century.

When Arizona—the 48th State—was admitted to the Union in 1912, it seemed that the number of stars in the flag had been fixed at that number—forever.

During the depression of the 1930's, when the faith of many Americans was shaken by economic hardships, there were those who said: "There are no more frontiers left. The days of America's growth are over."

In the early forties that defeatism was swept away as Americans from the 48 States, and Puerto Ricans and Alaskans, and Hawaiians fought side by side in defense of freedom.

Within the past year, the Congress voted for admission of Alaska and Hawaii to our



Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of June 16, 1959
86th-1st, No. 99

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HIGHLIGHTS: House subcommittee voted to report bill to require State contributions to feed and seed costs in disaster areas. House debated mutual security authorization bill. Senate committee reported Commerce appropriation bill. Rep. Brown, Mo., introduced and discussed bill to provide emergency relief to family farm poultry and egg producers.

HOUSE

- 1. DISASTER RELIEF.** The Livestock and Feed Grains Subcommittee of the Agriculture Committee voted to report to the full committee with amendment H. R. 6861, to provide for a specific contribution by State governments to the cost of feed or seed furnished to farmers, ranchers, or stockmen in disaster areas. p. D485
- 2. MUTUAL SECURITY.** Concluded general debate on H. R. 7500, to extend the mutual security program. pp. 9862-9906
- 3. WHEAT.** The "Daily Digest" states that "Conferees met in executive session to resolve the differences between the Senate- and House-passed versions of S. 1968, to strengthen the wheat marketing quota and price support program, but did not reach final agreement, and will meet again tomorrow." p. D486
- 4. RESEARCH.** The Agriculture Committee reported with amendment H. R. 6436, to amend the Federal Insecticide, Fungicide, and Rodenticide Act so as to include nematocides, plant regulators, defoliants, and desiccants (H. Rept. 552). p. 9916

5. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment H. R. 968, to provide for the construction by Interior of the Bully Creek Dam and other facilities, Vale Federal reclamation project, Ore. (H. Rept. 553). p. 9916

6. PUBLIC DEBT. The Ways and Means Committee reported without amendment H. R. 7749, to provide for an increase in the public debt limit (H. Rept. 556). p. 9916

Rep. Zelenko criticized the administration proposal to increase the public debt limit and the interest rates on Government bonds as "inflationary," and urged a "freeze of commercial interest rates on mortgages and loans for a period of at least 5 years." pp. 9909-10

SENATE

7. DEFENSE APPROPRIATION BILL FOR 1960. The Appropriations Committee reported with amendments this bill, H. R. 7349 (S. Rept. 397). p. 9922

8. LEGISLATIVE APPROPRIATION BILL FOR 1960. The Appropriations Committee reported with amendments this bill, H. R. 7453 (S. Rept. 398). p. 9922

9. RESEARCH. Sen. Neuberger stated that "the need to provide Federal funds adequate to insure development of new methods for producing better crops more efficiently and protecting existing strains from disease and natural hazard has been strongly impressed upon me," expressed satisfaction concerning Senate action on ARS appropriations, made reference to soil and water conservation research recommendations submitted by USDA, and inserted several items on the subject. pp. 9960-2

Received from this Department a report on the State Agricultural Experiment Stations, 1958. p. 9919

10. TRANSPORTATION. The Interstate and Foreign Commerce Committee reported with amendments S. 1509, to amend the Interstate Commerce Act to provide "grandfather" rights (preference rights for carriers in operation in the past) for certain motor carriers and freight forwarders operating in interstate or foreign commerce within Alaska and between Alaska and the other States and for certain water carriers operating within Alaska (S. Rept. 399). p. 9922

11. CONTRACTS. The Finance Committee voted to report (but did not actually report) with amendments H. R. 7086, to extend the Renegotiation Act of 1951. p. D484

12. RECLAMATION; MINERALS. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendments two bills: S. 281, authorizing construction of a regulating reservoir at the Burns Creek site in the Upper Snake River Valley, Idaho; and S. 1285, to provide for the development of the domestic fluorspar industry, including barter under Public Law 480. p. D484

13. WATERSHEDS. Received from the Ohio Legislature a resolution urging Congress to take action to assure the continuance of surveys and planning of flood prevention and water and soil conservation projects in Ohio, and to make funds available to SCS and other agencies for this purpose. p. 9920

14. PAYMENTS IN LIEU OF TAXES. Received from the Maryland Senate and House resolutions urging favorable action on S. 910, to authorize the payment to local governments of sums in lieu of taxes and special assessments with respect to certain Federal real property and to create a Board to study this problem. pp. 9920-1



Congressional Record

United States
of America

PROCEEDINGS AND DEBATES OF THE 86th CONGRESS, FIRST SESSION

Vol. 105

WASHINGTON, TUESDAY, JUNE 16, 1959

No. 99

House of Representatives

The House met at 12 o'clock noon.
The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Philippians 3: 13, 14: This one thing I do, forgetting those things which are behind, and reaching forth unto those things which are before, I press toward the mark for the prize of the high calling of God in Christ Jesus.

Almighty God, grant that the vision of our blessed Lord, whose beauty and winsomeness of character and conduct allure and attract us, may never fade from our minds and hearts.

We humbly and gratefully acknowledge that at times we find ourselves earnestly endeavoring to evaluate the spirit of that lowly Man of Galilee into whose likeness Thou would have us grow.

Show us how we may apply and act upon His principles and ideals and inspire us to follow in His ways of faith and courage as we seek to minister unto the vast multitude of mankind in their struggles and sorrows.

Hear us in the name of Him who walked the road of the loving heart. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5915) entitled "An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1960, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to Senate amendment numbered 34 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1) entitled "An act to amend the Federal Air-

port Act in order to extend the time for making grants under the provisions of such act, and for other purposes."

The message further announced that the Senate recedes from its disagreement to the amendment of the House of Representatives to the above-entitled bill and agrees to the same with an amendment.

COMMITTEE ON WAYS AND MEANS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight to file a report including any minority or individual supplemental view on the bill H.R. 7749, to increase the amount of obligations issued under the Second Liberty Loan Act which may be outstanding at any one time.

Mr. PATMAN. Mr. Speaker, reserving the right to object, and I shall not, I will ask the chairman of the Committee on Ways and Means if he will get a statement from the Chairman of the Federal Reserve Board particularly, and from the Secretary of the Treasury, on the proposal to cancel \$15 million of U.S. Government securities testified to before his committee?

Mr. MILLS. I will say to the gentleman from Texas that I will endeavor to get such a statement.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

DUTIES AND RESPONSIBILITIES OF CONGRESSIONAL COMMITTEES

Mr. CURTIS of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record in explanation of the special order I am asking for next Thursday.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CURTIS of Missouri. Mr. Speaker, I requested a special order of 1 hour on Thursday so that I could discuss at some length the procedures followed in the debate on the military appropriations bill last week.

I shall discuss the substantive issue of the additional quarter of a billion dollars the committee put into the bill over the budget requests of the administration for antisubmarine warfare, primarily to illustrate the inadequacies of the procedures followed in the debate.

This is part of a much larger issue, that of the duties and the responsibilities of the House committees to the Members of the House and the duties and responsibilities of the Members of the U.S. Congress to their constituency, in studying, understanding and then explaining the details of the vital and frequently complicated legislation that comes before the Congress.

I shall also be glad to consider any claims for the prize I offered to any Navy personnel who would cite for me an ice-free open seaport which the Russians had for operating their submarine fleet. I regret to advise the House that the claim made by my colleague, the gentleman from New York [Mr. STRATTON], falls short. He could have made this quite clear to the House had he read from the shipping guides he had available and with him about the two ports he cited. Both ports require icebreakers to cope with the ice.

The point I was and am driving home is not that Russia does not have bases—they have plenty on the Black Sea—but that all bases they have are limited by either being in an enclosed sea or having ice to cope with. Antisubmarine warfare directs itself toward two targets—the submarine and the submarine base. No fleet can exist without bases. Russia's submarine warfare is limited not so much by the number of submarines as by the number of adequate bases.

SMALL BUSINESS INVESTMENT ACT AMENDMENTS OF 1959

(Mr. BASS of New Hampshire asked and was given permission to extend his remarks at this point in the Record.)

Mr. BASS of New Hampshire. Mr. Speaker, I have today introduced in the House of Representatives the administration's bill to improve and clarify the Small Business Investment Act passed originally by the Congress last year. The bill, titled "Small Business Invest-

ment Act Amendments of 1959," contains the Small Business Administration's suggested changes in the act in light of a year's experience in its operation.

Principally, the amendments provide banking subsidiaries of bank holding companies with greater discretion and latitude in investing in small business investment companies. It is clear the present investment restriction in the act has seriously impeded the formation of investment companies. Eliminated in the proposal are existing restrictions which require that equity capital can be provided only through the medium of convertible debentures. It further eliminates the requirement that a small business concern must purchase a certain amount of a small business investment company's stock in order to obtain equity capital from the investment company. A number of other clarifying changes are also proposed.

I urge early consideration of this bill as a means of improving the small business investment program to meet the needs of small business for equity capital and long-term loans.

CALL OF THE HOUSE

Mr. BENTLEY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 85]

Andrews	Garmatz	Rostenkowski
Ashley	Goodell	Shelley
Barden	Gray	Sheppard
Boykin	Hagen	Short
Canfield	Hébert	Siler
Cohelan	Holified	Taylor
Cooley	Jackson	Udall
Davis, Tenn.	Kilburn	Whitten
Fogarty	Lindsay	Willis
Foley	McIntire	Wilson
Gallagher	Powell	Withrow

The SPEAKER. On this rollcall 395 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE MEETING DURING SESSION OF THE HOUSE

Mr. LANDRUM. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor may sit this afternoon during general debate in the House.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

AMENDING MUTUAL SECURITY ACT OF 1954

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7500) to

amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7500) with Mr. PRICE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the gentleman from Pennsylvania [Mr. MORGAN] had 1 hour and 42 minutes remaining, and the gentleman from Illinois [Mr. CHIPERFIELD] had 1 hour and 59 minutes remaining.

The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN].

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from North Carolina [Mr. WHITENER].

Mr. WHITENER. Mr. Chairman, I rise to speak in opposition to H.R. 7500, an act to amend the Mutual Security Act of 1954.

Recent revelations by the Committee on Government Operations and the Committee on Foreign Affairs of the House of Representatives have further convinced me of the unsoundness of the foreign aid program which has eaten up \$74.2 billion of the money of the taxpayers of this country since 1946. The results obtained from these expenditures do not, in my considered opinion, warrant further extension of this ill-advised program. The more than \$74 billion which we have spent in foreign lands in the past 13 years has consisted of military assistance and \$59.2 billion in outright gifts. But this does not constitute the total contribution made by the American citizens to the other nations of the world in the form of assistance. The business people of this Nation have invested more than \$27 billion in private funds outside this country since World War II. The CARE program, a voluntary welfare organization, has donated \$6.7 billion in food and fiber to feed and clothe the needy in other lands. When we total these figures, we find that the American people have given of their bounty to the tune of \$107.9 billion since World War II.

Our assistance has not been limited to these voluntary and governmental assistance programs, as is evidenced by the fact that we have made purchases of commodities and products in foreign countries in the amount of \$190 billion in the same period. This gives an aggregate total of \$297.9 billion of American money that has aided foreign nations.

We hear much argument here in Congress and from advocates of the foreign giveaway programs that these activities are essential to prevent the onward march of communism. They tell us that unless we do these things which they advocate the Russians will furnish aid money to foreign nations and remove them from our orbit of friendship into theirs. The facts do not support this argument.

During the time that we have been so generous with our taxpayers' money the Soviet Union has granted aid to foreign

nations in the amount of only \$2.4 billion, or about one-fiftieth as much as has been done by the United States. This does not indicate that the proponents of the foreign aid program have real merit in their contentions.

How long can the American people stand the confiscation of their funds by their Government for the purpose of spreading tax dollars throughout the world?

We are today faced with a national debt in excess of \$286 billion. The total national debt of all other nations in the free world is only approximately \$185 billion, and Soviet Russia is blithely moving forward with a national debt of only \$50 billion. Our national debt exceeds the total combined debts of all countries of the free world, plus that of Russia and the Soviet bloc, by a considerable amount of money. How then can we justify the further expenditure of funds which we do not have to spend?

It does not require a trained economist to know of the devaluation of the American dollar. This is a fact which is readily apparent to any person who makes the ordinary purchases necessary to sustain the home. With a 48-cent dollar and the cost of food three times as great as it was in 1939, we can see that these inflationary programs—the foreign aid program being one of the principal of this group—cannot be safely followed. To go further with this program is not consistent with the best interests of our own Nation.

To weaken the position of the United States, as we are consistently doing with the foreign aid giveaway program, is playing into the hands of our Communist adversaries and is destroying the American dollar and economy. Once the value of our dollar and the strength of our economy are so weakened that we do not have the ability to resist the economic aggression which we may expect from the Soviets, we will be in a totally defenseless position.

I think that the views which I am expressing are consistent with the views held by most of the average Americans to be found throughout the length and breadth of this great country of ours. The primary consideration must be the welfare of our own people, and in my judgment the granting of further authority to carry on this giveaway program as is proposed in H.R. 7500 is a further disastrous step in destroying the best interests of our people.

(Mr. WHITENER asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I yield 6 minutes to the gentleman from Missouri [Mr. CARNAHAN].

Mr. CARNAHAN. Mr. Chairman, I first want to commend the chairman of our committee, Dr. MORGAN, for his untiring efforts and the effective, courteous and constructive leadership he has given to our committee. The committee we believe has done an excellent job in bringing out the bill that is now before you.

The mutual security program is frequently criticized for being, in the opinions of critics, too big and too complicated. The charge is made that if

the program could be curtailed in size and limited to a very few simple operations it could be made more effective. Such a position is of course unrealistic, and the two objectives are completely incompatible.

The total authorization provided in H.R. 7500 is \$3,642,600,000. While this is a considerable sum of money, as an item in the total Federal budget for the year it is comparatively small. This authorization of \$3,642,600,000 constitutes only 4.7 percent of the estimated budget expenditure for fiscal 1960. It is exceeded by the estimated expenditures for national defense, interest on public debt, agriculture and agricultural resources, veterans' services and benefits, and labor and welfare.

The action taken by the committee this year in reducing the authorization for certain categories of aid and in tightening the administration and control of the program should, in part, meet the criticisms of oversize and overcomplication. Nevertheless, the fact remains that the program is designed to meet the problems of a large number of countries, each of which faces somewhat different problems.

Let me indicate just a few of the different situations with which the program is organized to deal. In the first place, there are a few nations which desire to cooperate with us in the common defense effort that are able and willing to pay for military equipment which we supply. The Mutual Security Act contains the authority for supplying such equipment on a sales basis and also authorizes the use of military assistance funds to finance sales of military equipment on the installment plan to nations unable to pay cash immediately. Not many people realize that over \$500 million of such sales were made to Canada in the earlier years of the program and that Germany has purchased \$500 million worth of military equipment from us during the last 2½ years.

There are a large number of nations, primarily those which have attained the highest degree of industrial development, which are now able to maintain themselves economically and to finance most of the cost of their defense forces but which require a certain amount of weapons and other military equipment which is available only in the United States. The cost of this equipment is high and the dollar resources of these countries are limited so that we undertake to make agreed amounts of such equipment available on a grant basis. Holland and Belgium are examples of such aid.

There are still other countries which have demonstrated their ability to fight and their determination to resist Soviet aggression, but which lack the economic resources to maintain a military establishment adequate to carry on over a period of years a defense program of the necessary magnitude. Turkey is an outstanding example of such a nation. These countries receive equipment from us under the military assistance program and also get defense support, which is economic assistance designed to maintain their economies at a sufficient level so that they will not have to divert man-

power, money, or other resources from their defense programs in order to meet their basic economic requirements. There are only 12 nations currently scheduled to receive defense support in fiscal 1960. They maintain over 3 million men under arms and include Korea, the Republic of China, Vietnam, Pakistan, Turkey, Greece, and Spain. In every instance, these countries are carrying on a military effort that exceeds their own capabilities. Any reduction of either military or economic assistance to these countries would inevitably reduce their military strength and the security of the free world.

We provide assistance to a number of countries primarily because they have a special political, military, or economic importance to the free world even though they do not provide significant military forces for the common defense. Among these are Jordan, Morocco, and Libya. This assistance is authorized under the heading "Special Assistance" and is made available on a grant basis.

There are a number of nations in the world among those which have recently emerged from colonial status whose governments believe that it is in their best interest not to align themselves militarily with either side in the cold war. These governments also are aware that their people demand prompt and effective action to improve the conditions under which they live. We believe that the friendship, cooperation, and understanding of these neutralist nations is important to us and the free world, not only now but increasingly so in the years to come. The mutual security program makes assistance available to such nations through the Development Loan Fund and the Technical Cooperation programs.

I have attempted to summarize briefly the reasons why some of the major categories of assistance are provided in this bill. There are a number of other authorizations which I cannot discuss because of lack of time. I have oversimplified my comments on each of those I have included. I hope, however, that I have said enough to indicate that we have to have different programs to meet different conditions and that the mutual security program will continue to be complex as long as we try to assist nations in meeting the very different problems which they face.

These nations count on our help, not only for its material value but also because it gives them continuing assurance of our backing. If any segment of the program should be eliminated or drastically curtailed, it would adversely affect our relations with an important group of nations.

The continuation of the mutual security program is essential to keeping the free world acting together as well as essential to the defense of the free world. Stopping the program or reducing it to ineffectiveness would make necessary re-planning, reorganizing, and reequipping that would take years to accomplish—if effectiveness could be accomplished at all. Obviously this would result in a much heavier tax burden and also a heavy increase in the drafting of our

young men. Destroying this program is a folly we cannot afford.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentlewoman from Ohio [Mrs. Bolton].

Mrs. BOLTON. Mr. Chairman, first of all, I want to add my expression of appreciation of our chairman to those that have already been given. We had a long and arduous time during some 11 weeks we were working on amendments to the Mutual Security Act. Just, fair, and firm, he gave evidence also of a delightfully useful sense of humor.

Mr. Chairman, it seems to me that a full and free and intelligent discussion of this bill cannot be had without some background in which an understanding of the forces which we call communism against which we as leaders of the free world are pitted. To those of us who have concerned ourselves with its history, it is inconceivable that thinking people all over the world have been unable or unwilling to grasp the unswerving purpose of this which we call communism, and so remaining unaware of its strategies, its tactics, and its unchanging goal.

During the 80th Congress, it was my privilege to be chairman of the subcommittee of the House Committee on Foreign Affairs having to do with national and international movements. This subcommittee made an exhaustive study of communism, which, under title of "The Strategy and Tactics of World Communism," printed as House Document No. 619 of the 2d session of the 80th Congress. A short report, with the pertinent documents appended, whose several supplements are worth your time and effort to read, give much food for thought. There are other sources to draw from, of course, but nowhere will you find so much objective information so clearly presented on so few pages. Should you have difficulty securing a copy, I shall be happy to share my dwindling supply with you.

May I say that it seems peculiarly to be regretted that more time was not allowed by the Rules Committee so that everyone could ask the questions he wanted to ask and could make the remarks he wanted to make about the whole bill.

We bring this bill to you without unanimous agreement on the part of committee, but I want to emphasize the interesting point that not one of the six members who are voting against it nor any one of the opposition witnesses wanted to abolish the whole thing. They all recognize the need for it and they agree with many of its features if it can be improved in both efficiency and method.

Let me recall to your mind a little history. Organized communism took over from the unorganized revolutionaries of Russia who broke the Czarist power.

Intermittent purges did away almost overnight with practically all educated people. A black record of brutality, torture, and fear built the foundations of Stalin's empire. Now take a look at Khrushchev and at the men that have been sent out as ambassadors, of whom

this man who represents them here in Washington is an example. Yes—he smiles, but only with his lips. His eyes never lose the cold cruelty they held when he headed the UNRWA team in Poland years ago, withholding food from all but fellow travelers and sympathizers.

If you have forgotten the horrors in Hungary, you have had a vivid demonstration of what this force we call communism is and does in Tibet. And I must remind you that communism is not just a Russian phenomenon. It has been able to take over in China, where its ruthless destruction of China's way of life is unthinkable. Its atheistic doctrine denies everything we believe, everything that means life.

I would suggest further that you look beyond and beneath the visible methods of the Kremlin, that you look into their basic beliefs and at their unswerving march toward their goal of complete world domination and control. Do not deceive yourselves or be deceived: There is neither mercy nor kindness, nor truth, nor honor in the hearts or minds of professing Communists.

This effort of ours to build a sufficient military and moral strength as a deterrent to the Sino-Russian advance is not a simple matter. The small nations cannot sustain over many troops. They need help. Some of this must of necessity be economic assistance, technical training or what, for lack of a better word, we call military assistance. Frankly, I have found confusion generated by nothing more complex than the very words that are used.

So many call this a foreign aid bill. The need to strengthen and bring about cooperation among the nations of the free world called it into being. And may I say with great seriousness: It must continue until the collapse of the Communist world has taken place. Of course, it must become more and more efficient and less costly. But when one examines the changes for the better that have been made one can feel great encouragement over the future.

The question has been asked "How long are you going to have this? How long is this to endure?" I say to you, Mr. Chairman and members of this great body, if we do not continue it as long as communism threatens the freedom of the world, we shall be false to our trust. Their goal has never changed: Always they look to complete control of the world. Yes; they go this way and that way, backwards and forwards—that is part of their technique, that is part of their strategy; but, they never take their eyes off the goal. Let us remember that as we debate this bill.

It is quite true that grave mistakes of judgment and method have been made. Some of the criticisms that your committee went into most carefully were warranted but many were not as you will see if you will examine the rebuttals supplied by the executive branch. The investigations made by the Foreign Affairs Subcommittee, by outside Committees, by the Hardy Committee and GAO have all been valuable.

At the end of World War II Europe was devastated and despondent. The Marshall plan was born. There followed the Truman doctrine which even the most violent critics have acknowledged saved Greece and Turkey from the hammer and sickle. The North Atlantic Treaty Organization has made further Communist intrusion into Europe impossible. Iran, subjected to violent Soviet threats a decade ago, still shows an immense courage in withstanding Soviet propaganda and retains its independence and its alliance with the free world. West Berlin, after its amazing experience under a cruel blockade, is still a showcase for freedom and Western ways in a sea of totalitarianism. Were there nothing else but West Berlin to show it would be enough to credit the achievements of the West.

Free Korea and Vietnam have steadily strengthened their defense establishments and economies. Communist blandishments have been resisted, and these nations remain steadfast allies in freedom. Nationalist China, thanks to our active military training and equipment program, has twice withstood major assaults in the Formosa Straits. Through this program, her many highly trained and well-equipped fighting men are made available to the free world. In this way the boundaries of the non-Communist world are preserved without having to face the unpleasant alternative of massive increases in our own forces all over the world.

Through this common planning and cooperation through the military assistance program, our security and that of the free world is maintained with a sharing of costs and responsibility. Without such a program of mutual assistance we should not be able to meet the Communist bloc threat at all points of possible aggression. We believe we now can. Our military assistance program has cost us \$22 billion in these 9 years. Our allies have expended some \$141 billion in the same period.

The mutual security program has made a major contribution to the collective security of the free world. Largely due to its operation our allies have been enabled to expand and modernize their defense capabilities. By last summer their ground forces comprised over 5 million men; their naval forces totalled 2,500 combat vessels, with some 1,700 in active fleets or supporting units; and their aircraft inventoried about 30,000, including nearly 14,000 jets. Our Strategic Air Command is able to operate from some 250 vital overseas installations, thereby providing a powerful deterrent to aggression. Our collective security agreements with some 40 associated nations have reinforced both their will and ability to resist communism. These accomplishments achieved in less than a decade, add up to a most impressive record for this program. And we should be ever mindful of the fact that it has been a truly cooperative effort—for every dollar we have provided in military assistance, our allies have spent the equivalent of \$5.50 to strengthen the common defense.

I say to you again: Do not deceive yourselves or be deceived. Communism is a force, not a nation, determined to take over all the people of the world.

Over 40 years ago Lenin proclaimed: "As long as capitalism and socialism exist we cannot live in peace; in the end, one or the other will triumph—a funeral dirge will be sung over the Soviet Republic or world capitalism." But recently Khrushchev has reasserted this theme in his boast that "we will bury you."

Today Soviet Russia is using the new weapon of Communist penetration economy, launched against the newly independent and undecided nations. Trade agreements are but a prelude to political subversion and penetration of which Khrushchev's recent comment gives the picture: "We value trade least for economic reasons and most for political purposes."

So far we have not taken these things seriously nor looked at them realistically. The cold fact is that we of the free world are battling for our very lives. The adversary has one unswerving goal which it serves through subversion, economic warfare, propaganda, aggression, missile blackmail. He uses conferences to weaken our opposition. He expects us to break, and employs any and every means to bring this about.

Recent events in remote parts of the world testify to the cruel extremes that the Communist leaders are prepared to go in order to preserve and expand their Empire. The bloody suppressions in Hungary and Tibet manifest a vicious determination to crush out the least spark of freedom that may assert itself among their captive subjects.

Allied in this ruthless conspiracy are the world's second most powerful nation, the Soviet Union, and the world's most populous nation, Communist China. Together, they dominate a third of the world's peoples, and have at their disposal vast and dangerous military forces. Included in their arsenal are ground forces totaling 400 divisions; aircraft in the amount of 25,000 operational units; approximately 500 submarines, the largest single submarine fleet in history; atomic and hydrogen bombs, with both short and long-range missiles to deliver them, bulwarked by a scientific and technological establishment of expanding capability.

Supported by this formidable arsenal of military might, the Communists are prepared to resort to force or the threat of force whenever it appears advantageous to them. Korea, Indochina, the Formosa Straits, and now West Berlin—this is the list of ceaseless probing designed to test our resolve.

ASIA AND AFRICA

In recent months the Communists have intensified their activities directed toward influencing the newly-independent peoples of Asia and Africa. Since World War II, 21 new nations have come into being, 6 in Africa and 15 in Asia. Together, they contain over 700 million people or approximately one-fourth of the earth's population, located in a tenth of the world's inhabited area.

The strategic value of these countries to the free world is well known. Important air and naval bases are located in certain of them. Vital raw materials—uranium, diamonds, manganese, chrome, and so forth—come from their seemingly limitless resources. Expanding markets for our manufactured goods are being opened up, and trade is increasing.

In the hope of denying these areas to us, the Communists have launched a major offensive of economic and political infiltration. An open bid for power has been made in Iraq, and growing pressures are being applied to critical points in Asia.

In Africa, the outlines of the Communist offensive have emerged quite clearly. Diplomatic, cultural, and economic ties have been established with newly independent countries. Trade agreements have been signed with Ethiopia, Morocco, Tunisia, and Guinea, while full diplomatic relations are now maintained with Ethiopia, Libya, Morocco, Ghana, and Guinea. Offers of loans, grants, and technical assistance are effectively exploited along with anti-colonialist and pronationalist propaganda. Trade union and student groups have been particularly singled out for infiltration and domination.

Every effort is made by the Kremlin to appeal to the instinctive neutralism of the newly emergent countries, who seek both economic and political self-realization. Nationalism is embraced to appeal to local yearnings and aspirations, and every opportunity is taken to incite trouble.

While these Communist tactics do not appear thus far to have made much headway in Africa, they may be expected to gain in scope and intensity as more nations move into freedom.

All of these newly independent nations are looking to us for assistance in their struggle against widespread poverty and disease. The mutual security program serves as our most important tool in helping the less developed countries deal with pressing economic problems. Through its channels urgent needs are fulfilled, and technical and managerial skills necessary to growth are supplied. In hundreds of different ways the pace of development is quickened and legitimate aspirations satisfied.

TECHNICAL COOPERATION ACTIVITIES

There is not time, Mr. Chairman, to more than touch upon the many truly heartwarming projects that are being carried out under the technical cooperation section of this program.

Bilateral technical cooperation programs currently operate in 49 countries and 9 territories. New programs are planned this year for Morocco, Tunisia, Ghana, Somalia, Nigeria, and the British territories in East Africa. Emphasis is placed upon activities in the fields of health, education, agriculture, and industry so that a basis may be laid for long-term benefits to the population. The committee was in broad agreement that these programs are among the most effective and least costly of all mutual security operations, and accordingly authorized the total amount requested.

Under the technical cooperation and special assistance programs, a worldwide effort to eradicate malaria is in progress; an intensive drive to reduce debilitating gastrointestinal diseases through stimulation of national safe-water supplies is planned; American-sponsored schools located abroad are assisted in their function of developing trained and competent personnel; ocean transportation costs of U.S. voluntary agency gift shipments to needy persons abroad are defrayed; students and technicians are brought here for specialized industrial and vocational training; communicable diseases are warred upon; and innumerable other projects carried forward.

While these activities comprise a relatively small portion of the mutual security program, the results are invaluable in terms of the friendship and good will created.

SUMMARY

Mr. Chairman, we will hear much during this debate about alleged wastes and mismanagement under this program. Granted there have been mistakes in judgment and inefficiency in operation. But I would urge you to keep your vision focused on primary objectives, and not lose sight of the woods for the trees.

The basic issue involved here is whether we intend to withdraw behind a wall of isolation, or shall we continue to discharge our free world leadership responsibilities?

All over the free world people are looking to us for leadership in the bitter struggle with those who embrace the cause of atheistic communism. Continuation of this program is essential to the maintenance of that great trust.

JUNE 11, 1959.

DEAR COLLEAGUE: Next Monday, June 15, the mutual security bill, H.R. 7500, will be called up for debate on the floor.

The bill authorizes \$3,642,600,000 for fiscal year 1960, which is a cut by the committee of \$266,800,000 from the President's request.

We think it is all important that, before voting on the authorization bill, you know what the committee did and why.

CUTS IN AUTHORIZATION

One hundred and sixty million dollars in military assistance. (This reflects the committee's view that there are areas where redirection of effort can be achieved, such as in Latin America—but also reflects the committee's view that material in the pipeline is down to a dangerously low point.)

Eighty-five million dollars in defense support. (This cut is approximately one-half of the cut in military assistance and reflects the committee's feeling that savings to this extent can be realized by tighter programming—but that deeper cuts would, particularly in the light of world tensions, weaken countries on the fringe of the Sino-Soviet bloc.)

Twenty-one million eight hundred thousand in special assistance. (This cut is intended to force tighter allocations. It was not greater because of the difficulty in reducing a large number of needed programs under this heading, ranging from health, education, military bases, to basic economic programs.)

One hundred million dollars in contingency fund. (This cut is half of the President's request. To cut deeper would be to tie the President's hands in the emergencies bound to be faced in the coming year.)

INCREASE IN AUTHORIZATION

One hundred million dollars for the Development Loan Fund. (This reflects the committee's view that the economic objectives of our aid must be more in the forefront, that DLF is operating on a sound, workmanlike basis, and that the backlog of sound projects more than warrants this increase.)

IMPROVING ADMINISTRATION OF THE PROGRAM

1. New and more accurate language in the statement of purpose.

2. New standards for allocating both military and economic aid, requiring a Presidential report on exceptions to such standards.

3. The upgrading of the audit and control function in ICA by establishing of an Inspector General.

4. Enlarging the application of last year's new provision to require engineering and technical studies to be completed before money is obligated to projects.

5. Requiring more specific information from the executive branch in presenting future requests.

The committee spent 11 weeks in hearings, covering 2,000 pages, held 44 meetings, and heard 90 witnesses. We think it did a thorough and conscientious job. One commentator stated: "The foreign aid bill approved by the Foreign Affairs Committee represents the most significant achievement by that group in several years."

Two points we make:

1. To make further significant cuts at this authorization stage would be unjustified, and unwise.

2. Whatever your final action, we hope that you will read the report, listen to as much of the debate as you can, and give some weight to the quantity and quality of the work done by the committee.

Sincerely,

FRANCES P. BOLTON, ROBERT B. CHIPERFIELD, LAURENCE CURTIS, JAMES G. FULTON, WALTER H. JUDD, CHESTER E. MERROW, CHESTER BOWLES, A. S. J. CARNAHAN, FRANK M. COFFIN, LEONARD FARSTEIN, CORNELIUS E. GALLAGHER, WAYNE L. HAYS, EDNA F. KELLY, HARRIS B. McDOWELL, JR., WILLIAM T. MURPHY, BARRATT O'HARA.

TERMINATION OF PROGRAM IS NOT FORESEEABLE

The end of the program is not in sight. We and the free world are faced with the threat of Communist military forays and aggression and with the threat of internal subversion. To talk of terminating the program while the cold war goes on is to talk of endangering the security of the United States.

Secretary Herter, Secretary McElroy, General Twining, and General Norstad have all pointed out that the cost to the United States would far exceed the cost of the mutual security program if we were to terminate it. The forces which the program maintains abroad are vital to our own security. There is no assurance that if the program were to be terminated that those forces would be available for the defense of the free world.

Termination of the program would mean increased tax burdens on the American public, the increased draft of American boys and the possibility of the loss of additional areas to Communists.

The defense support program is vital to the maintenance of the forces supported by the military assistance program. Without defense support the economies of many of our allies might well collapse with resultant chaos and instability in those countries. In like

manner, special assistance helps maintain our bases overseas. The Development Loan Fund helps meet the Russian challenge on the economic front and helps develop independent stable governments in the less developed areas.

To talk of terminating all of these things is wishful thinking. A mere wish to reduce tax burdens and to disengage ourselves from foreign undertakings is insufficient reason to jeopardize the security of the United States.

Not a single witness who appeared before the Foreign Affairs Committee advocated the immediate termination of the foreign aid program. Even the group which was most hostile to the entire concept of foreign aid and which included a large number of people who have consistently opposed the program from the start, have admitted that the program would have to be terminated over a number of years.

It is wishful thinking to set a termination date for the mutual security program. It is, of course, impossible to say when it might be terminated. There is some hope that the burdens can be reduced in future years but it is absolutely impossible to foretell the date when the program could be stopped in its entirety.

Even though there is no immediate possibility of terminating the program it is significant that the appropriations for the mutual security program have been reduced through the course of the years. For example, over \$7 billion was appropriated for each of the fiscal years 1951 and 1952 while over \$6 billion was appropriated in 1953. It is obvious, therefore, that appropriations and authorizations are now considerably lower than they were earlier.

(Mrs. BOLTON asked and was given permission to revise and extend her remarks.)

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin, [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Chairman, in rising in support of the Mutual Security Act of 1959, I want—first of all, to commend the distinguished chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN] for his very outstanding work. He took over the reins of the committee as the new chairman when the 86th Congress convened. During the months that followed, he displayed great energy, keen understanding of foreign policy problems, and fairness in conducting the affairs of the committee. It has been a pleasure to work with him in fulfilling the tasks assigned to our committee.

I regret that only 4 hours have been assigned for debate on a bill as important as the mutual security bill of 1959. Since this is the case, however, I shall try to limit my remarks so as to give other Members, desiring to raise certain questions or to offer particular criticisms, a more ample opportunity to voice their views. On my part, I will confine myself to answering some of the criticisms which have been voiced already, and then extend my main arguments in support of this legislation in the RECORD.

To begin, I would like to point out that the necessity for this legislation has been

recognized both by the proponents and by the opponents of the mutual security program. During the lengthy hearings held before the Committee on Foreign Affairs, no argument has been advanced for the immediate termination of the mutual security program. Every witness whose testimony I have heard recognized the importance of continuing this program through the coming year—and that is exactly what the bill before us proposes.

On the other hand, various criticisms of the mutual security program have been presented to the committee and to this House.

It has been charged, for instance, that the program has been wasteful in some respects. With that I certainly agree. A number of wasteful instances have been discovered in the administration of this program. I have always been utterly opposed to waste and inefficiency in Government programs, and I am proud to point out that it was the Committee on Foreign Affairs—through its various subcommittees and the special committee on the review of the mutual security program—that brought some of these instances to light. Further, the committee has taken immediate and energetic steps to correct such abuses in the administration of this program. Several new corrective measures are included in the bill before us.

It has also been charged that the mutual security program has been of aid to the Communists. This argument is not based on fact, and I must disagree with it emphatically. While the Communists have advanced their cause in some areas during the time when the mutual security program was in existence, their gains have not come as a result of this program but rather in spite of it. The program has made a concrete contribution to the cause of peace and freedom in the world by strengthening the military defenses and the economic potential of free nations. This increase in strength has enabled us—enabled the free world—to stem rapid Communist expansion. Without the mutual security program, Communist gains could have been much more serious, and threatening our very existence.

Other critics of the mutual security program have charged that this program is creating competition for our own economy. This type of an argument has cropped up periodically throughout the life of our Nation, whenever any measures were contemplated to stimulate industrialization of new areas. It was used when the Middle West was being industrialized, and again when industrial production and expansion were beginning to move South. It is an old argument, but it is not a valid one. More balanced distribution of industrial potential within our own Nation has promoted, rather than retarded, the growth of our economy and higher level of living for all of our people.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Iowa, who in my opinion is one of the sincerest and hardest working Members of the House. I know the

gentleman has thoroughly and carefully read the hearings and report. I expect the gentleman's question will be a searching and penetrating question.

Mr. GROSS. I want to agree with the gentleman that it is a shocking thing that only 4 hours were permitted by the Committee on Rules for general debate on this legislation. Does the gentleman know whether the chairman of the committee or anyone else is going to take this bill chapter by chapter and tell us what it contains before the general debate ends? Will some member tell us what is proposed to be done?

Mr. ZABLOCKI. We intend to answer every question and explain every chapter section by section. We hope to be so thorough that even the gentleman from Iowa will be convinced and vote for H.R. 7500.

Mr. Chairman, as I have stated, the balanced distribution of industrial potential has promoted, rather than retarded the economic growth of our Nation.

Similarly, the impact of the mutual security program upon the less developed countries will not necessarily threaten our economic well-being or our future progress. Right now, the program has a constructive effect upon our agriculture—by promoting the disposition of some of our surpluses—as well as upon our industry. We must remember that over 80 percent of the dollars in this program are spent here, in the United States. Further, by promoting economic development of the underdeveloped countries, the program contributes to the creation of future markets for the products of our economy.

Finally, some critics of the mutual security program maintain that this undertaking is bringing us to the brink of financial bankruptcy. Again, their arguments are not supported by facts.

In this regard, we must remember, first of all, that the funds which we spend annually on the mutual security program amount to less than 1 percent of our national income, and generally less than 5 percent of the Federal budget.

Second. The most of this money—over 80 percent of it—never leaves our shores; it is spent right here, within our country, and constitutes income to our agriculture, our industry, and our workers.

And, third. That we could not save money by eliminating the mutual security program. On the contrary, best informed estimates indicate that—if we eliminated the mutual security program—we would have to spend much more to increase our own defense budget. We would have to substantially raise our defense spending, and it would not provide us with the measure of security which we derive by being able to depend upon the combined defensive power of the free world.

These, then, are some factual answers to the chief criticisms of the mutual security program. I want to commend them to the earnest and impartial consideration of this body.

Let us now turn briefly to the mutual security bill of 1959 which is before us, awaiting the decision of this House.

The mutual security bill reported by the Committee on Foreign Affairs is admittedly not perfect. Like any other piece of legislation brought before this body, it has some shortcomings and some controversial provisions. At the same time, however, the bill is the product of sincere, lengthy, and thorough consideration by the Committee on Foreign Affairs. It is a sound and necessary piece of legislation. It proposes numerous improvements in the mutual security program—improvements which are the fruit of lengthy studies and investigations conducted during the past year by our several subcommittees, and by other agencies. The bill also reflects the work and the constructive suggestions submitted by other committees of this House, which were carefully considered by the Committee on Foreign Affairs and, in some instances, incorporated in this legislation.

I strongly believe that this bill carries an authorization which is fully justified by our Nation's long-term security requirements, and by our foreign policy objectives. The bill is \$266,800,000 less than the executive authorization request. These cuts proposed by the Committee on Foreign Affairs are not just window dressing intended to make this measure politically more palatable. They were agreed upon only after a careful study. They cut deeply into the President's requests, and they made a significant change in the emphasis embodied in this legislation. They shifted the emphasis in our mutual security program more definitely from the area of military aid to the task of aiding our less-developed allies to help themselves—to aid them in strengthening their economies and in enabling them to resist Communist subversion, infiltration, and other Communist advances.

I have long favored such a shift in emphasis in our foreign policy programs; and I earnestly hope that, in the not-too-distant future, we may be able to terminate military assistance as well as our extended economic grants.

The need for such further outlays on our part will continue to diminish to the extent that the mutual security program will succeed in achieving its objectives—that is, in strengthening both the economic and the military capabilities of our allies in the free world to the point that the presently underdeveloped nations will be able to fulfill their responsibilities for self-government, independence, and to resist Communist pressures.

I am hopeful that we are moving closer to the realization of that goal. In the meantime, we must continue to eliminate any and all weaknesses in our mutual security program, and to adapt it to the changing conditions in the world.

I believe that the bill before us contains some very constructive changes in these respects. Apart from the diminishing accent on military aid, the bill contains new language intended to correct unwise allocation of such assistance, and to eliminate certain unintended effects which this type of assistance has produced in the past.

Further, the bill provides new standards for more fruitful allocation of eco-

nomic assistance, and establishes the Office of Inspector General and Controller to provide closer supervision over the administration of such aid. This should be of great help in preventing future abuses of the type that have been discovered by our committee, and by others, in the past.

I certainly share the wish expressed on this Floor by some of my colleagues, the wish that we could dispense with this legislation and use the funds proposed to be authorized for other purposes, such as a tax cut or the provision of needed services to our own people. I sincerely hope that the day will soon come when this will be possible—when peace will reign in the world, and when we will not be called upon to spend over \$40 billion a year on our defense and security. Unfortunately, that day has not arrived as yet. The threat of communism has not abated. This terrible threat to our security, and to the survival of free institutions is very real. Surely one moment's reflection on what has happened in Tibet, what is happening in the Far East, and even on the conduct of Soviet emissaries in Geneva should convince us of that. While professing to seek peace, they have done everything in their power to frustrate the attainment of reasonable agreements upon which peace could be built.

Let us not, therefore, deceive ourselves. We want peace, and we are working for peace. Further, we hope to attain lasting peace. But until we attain it, we must continue to keep our defenses strong, no matter what sacrifice that will entail.

The mutual security program is part and parcel of our efforts to create conditions under which we will be able to attain peace. Every man, woman, and child in this country has a vital stake in those efforts, and in the success of our foreign policy programs. Let us not try to undermine or to cripple this important program.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from New Hampshire [Mr. MERROW].

(Mr. MERROW asked and was given permission to revise and extend his remarks.)

SECOND DEFENSE MEASURE

Mr. MERROW. Mr. Chairman, we have under consideration today H.R. 7500, a bill amending the Mutual Security Act of 1954 and providing for the authorization of funds to carry the program forward for another year. This is the second defense measure to be considered by the House within the past 3 weeks. The other defense measure to which I refer was the Department of Defense appropriation bill which was adopted almost unanimously. This House provided \$38,848,339,000 for the Department of Defense during the fiscal year 1960. I voted for the measure and was exceedingly happy that there was no controversy in getting its approval.

We are now debating what I have referred to as the second defense measure and this is the area where I suppose the row is going to be. However, the \$3,642,600,000 authorized by this measure is just as essential as any

money we have appropriated in any other category of defense and ought to be approved as unanimously.

WITNESSES ADVISED INCREASES

Mr. Chairman, I objected to the cuts which have already been made in this bill and I shall continue to oppose any reductions either in authorizations or in appropriations since I am convinced that this is an integral part of our defense program. I would like to point out that the majority of witnesses who appeared before our committee not only felt this to be a part of our defense structure but some suggested the funds be increased instead of decreased.

SECRETARY M'ELROY

On page 77 of the hearings, I questioned Defense Secretary McElroy about the \$1.6 billion requested for military assistance. I said:

Do you consider that an irreducible minimum?

Secretary McElroy replied:

I do, sir. In fact, I feel as if that is an uncomfortably low figure.

I further said to Secretary McElroy:

Now, in your statements this morning, on the mutual security program, I think you said you felt it is as essential as any money spent in the Air Force, the Army, and the Navy—I think this is exceedingly important. May I ask this: If we were not spending this money in this area, then it is certainly conceivable that taxes would have to be higher than they are now.

Secretary McElroy replied:

Unless we could really change our concept of remaining a world power, and decide to pull right back inside of America, it could only result in a substantial increase in demands not only on our financial resources but even less attractively on our resources of young men—general manpower.

THE DRAPER COMMITTEE RECOMMENDATIONS

As we all know, the Draper Committee, in its preliminary report, recommended an increase of \$400 million in military assistance and a billion dollars increase in lending capacity beginning next year. I asked General Draper to give the major reasons for the recommendations to increase the military by \$400 million. This is his reply, which you will find on page 1280 of the hearings:

Primarily, sir, because in making our visits to the various areas and trying to evaluate the program against the need, we found a really alarming shortage in the NATO area in modern weapons and in the buildup that has been agreed to by these 15 countries through their military and political chiefs. After talking with General Norstad and reviewing the program for NATO and seeing the shortfall, it was our judgment that it was just an unacceptable risk to fall so far behind the planned buildup.

In addition, the argument that I have outlined regarding the pipeline—which worldwide will show an automatic drop, if the appropriation is at the level of \$1.5 billion to \$1.6 billion, of about one-third, in worldwide deliveries of equipment within a year or two. Since there is no diminution in the threat or in our commitments we see no justification for permitting this to happen. We are not reducing our own defense effort of \$40 billion or whatever it is. How can we justify a one-third cut in something that is at least in our opinion just as essential a part of our own security?

Furthermore, I asked General Draper:

Do you feel that the money spent in military assistance and economic support in this bill is as essential as any money we might spend in the other area for planes, submarines, or ammunition and guns?

General Draper replied:

Yes, sir, we do because this supplements what our allies and friends are spending on their forces, and gives such forces a validity and strength they would not otherwise have. I asked that question almost as you have asked it of General Twining and his answer was "Yes."

FORMER PRESIDENT TRUMAN TESTIFIES

When former President Truman appeared before the committee, I asked this question, and got the following answer:

Mr. President, the request for the next fiscal year is \$43.6 billion for the Department of Defense and \$3.9 billion for the mutual security program. The question is, Do you consider the \$3.9 billion as important as the money spent in the Department of Defense; the \$43.6 billion; as important as the money spent for airplanes, guns, or boats, and do you feel that it would be as reasonable to cut the \$43.6 billion as it would be to cut this because this is where the row is?

Mr. Truman replied:

I think that is absolutely true. I think this is of vital importance that the mutual security program be carried through for the welfare of the whole world and the peace of the world. That is what I am interested in. The military part of the thing you have to work out on your own knowledge and approach to it. But it is vitally important that this not only be not cut but there ought to be an increase for the mutual security program. You get more out of it in the way of peace than any other thing that we do.

If we are willing to accept the obvious that this program is an essential part of our defense structure and if we are willing to accept the recommendations of people whose background, training, and experience qualify them to speak on the subject, then, in my opinion, the funds should not be cut. If we wish to persist in making cuts in authorizations and appropriations, then I wonder if there is any useful purpose in holding hearings on the measure since the advice of the large majority of witnesses is thus summarily ignored.

AVAILABILITY OF FUNDS

In connection with mutual security funds, I wish to call attention to page 59 of the report. The pipeline is made up of unexpended balances. These are funds that have been obligated for services and goods not yet delivered and, of course, not paid for. On various occasions, attention has been called to a statement furnished by the Office of Business Economics, U.S. Department of Commerce and published by the Library of Congress:

Thus the carryover funds of \$9.5 billion, plus new funds of \$6.1 billion, provided an estimated availability of \$15.6 billion for foreign aid during fiscal year 1959.

So much has been made of this statement that I want to read the language included in the report which is as follows:

An argument frequently put forward by those who want to reduce appropriations is to refer to the unexpended balances that exist at the end of each fiscal year. Such

unexpended balances, it is argued, are available. But it must be remembered that their availability is limited only to paying for obligations already incurred; they are not available to move the program forward through the purchase of additional goods and services. There can only be secured by making available new or unobligated money. Some critics have used the word "availability" without any qualifying phrase and in reference to sums of money that have no immediate identification with the annual appropriation for the mutual security program. Within the term "availability" they include loans of the Export-Import Bank, sales of surplus agricultural commodities under Public Law 480 as well as activities financed under the mutual security program. If availability is limited to unobligated money for the next fiscal year, the sum would be the new money appropriated pursuant to authorizations contained in this bill plus any unobligated carryover that can be used, i.e., \$3.6 billion plus about \$39 million of fiscal year 1959 money, a total of \$3.64 billion.

In our committee report it states that unexpended balances are not peculiar to the mutual security program. We have a table on page 60 of that report that compares the unexpended balances of the military assistance portion of the program with those of the Department of Defense.

Mr. Chairman, by repeated cuts we have decreased the pipeline so that further continuation of the cutting operation in which we have been engaged will tend to paralyze and decrease the effectiveness of a most essential program—essential to the security and well-being of the United States and essential to the security and well-being of the free world.

MISTAKES AND ERRORS

My approval of the mutual security program is well known. In supporting it, I would not want to give the impression that I consider the operation to be without fault or error. There have been many mistakes which certainly have been publicized. I am not objecting to this but I imagine there have also been many mistakes in carrying out other Government programs. As a matter of fact, many of the charges in connection with the mutual security program are without factual foundations. They are in the realm of fantasy and fiction.

Because of mistakes, we cannot afford to scuttle the mutual security effort any more than we would propose to dominate our defense effort or any other program in our Government. As the Draper Report so lucidly states:

The choice our country faces is very real and near at hand. In our fascination with our own mistakes, and the constant use of foreign aid as a whipping boy, we may be gradually choking this vital feature of our national security policy to death.

The mutual security program has been subjected to examination by many committees, Government agencies, and independent study groups—all of which have indicated that it is a practical, sensible, and working program.

SUBCOMMITTEE FOR REVIEW OF THE MUTUAL SECURITY PROGRAMS

May I call attention to the fact that there has been appointed a Subcommittee of the Committee on Foreign Affairs known as the Subcommittee for Review

of the Mutual Security Programs. To date, this committee has carried out detailed investigations, and a continuing review will be carried on of the mutual security program.

This subcommittee, on which I am happy to serve, is under the most able chairmanship of our colleague, Congressman MORGAN, who, with his great ability, his thorough understanding of the program, and his tireless devotion in shaping foreign policy and in solving the many international problems confronting us, is making an outstanding and invaluable contribution to the conduct of foreign affairs. Let me emphasize, as is pointed out in this report, that the subcommittee is aware of the shortcomings of the program and is doing its best to make the necessary improvements. The last two paragraphs of our interim report are as follows:

This interim report is based on clearly established deficiencies in mutual security operations. Its purpose is to encourage full exploration, discussion, and analysis of the shortcomings which have been encountered. Such analysis should inevitably result in action to improve the effectiveness of the program.

The objective of the subcommittee is to facilitate such action rather than to have its tentative judgments confirmed.

ACCOMPLISHMENTS

It is my opinion that we can be as exhaustive as we like in marshaling the mistakes, the errors, the criticisms, and the misrepresentations in connection with this program, all of which should be corrected. When we have done this, if we want to be perfectly fair and if we want to take the time to list the achievements, then I am confident that any fair and unbiased appraisal of this effort will lead to the inevitable conclusion that the accomplishments so far outweigh the shortcomings and the mistakes that we must continue the effort with full and adequate authorizations and appropriations as an essential program for our security and the security of the free world. May I present some of the achievements?

First. Many countries have been saved from the ravages of war, including economic chaos and political collapse through programs sponsored by the United Nations and the United States.

Second. Remarkable results were obtained in Europe after the war much sooner and with the expenditure of less funds than anticipated. The U.S. contribution amounted to \$13 billion rather than \$17 billion and the program ended in 3½ years rather than the expected 4 years.

Third. Communist expansion has been effectively retarded and the drive of international communism by force and the threat of force has been met by successful resistance.

Fourth. Aid to Greece and Turkey prevented the Mediterranean from becoming a Soviet lake.

Fifth. Insurrections, which have been directed and supported by the Communists, have, in many instances, been successfully thwarted.

Sixth. In many countries, economic progress continues and, even though heavy defense burdens have been under-

taken making it necessary to pour large economic resources into defense expenditures, the nations have nevertheless been able to succeed.

Seventh. The markets of the free world, as well as their resources, have been kept open to the United States.

Eighth. Political, social and economic institutions are being created by many newly developing nations which compare favorably with our own.

Ninth. The free world continues to have on its side greater resources and strength, including land, people, industry, materials, strategic location and armed might.

Tenth. Defense and development problems are still being met by the United States and its allies of the free world in spite of tensions and threats by the Soviet Union.

Eleventh. The security alignments in which we are joined—such as NATO—have been greatly strengthened by our aid programs.

Twelfth. We have scores of military installations abroad which would have been impossible without the mutual security program.

Thirteenth. The mutual security program has greatly increased the hope and the determination of the free world to win the peace.

Fourteenth. A general nuclear war has been prevented.

The problems of winning the peace have proved to be, as I predicted many years ago, more difficult than the problems in connection with winning the Second World War. We are, I am sure, going to win the peace and although the struggle is not—and never will be—easy and although it may not be solved in our generation, it will, I am confident, be ultimately resolved in favor of the free world.

In making more effective and efficient the mutual security program, which we are discussing here today, we possess an instrument for building the peace which, I am confident, will be a major factor in immortalizing our Republic and will contribute invaluable to the construction of a decent and peaceful world order.

Should we falter in this endeavor, history will not be kind to us, but we do not intend to fail and I predict that history will record in glowing terms the sustained effort we are making in this struggle, joined around the world—an effort which will make certain that free civilization will not perish from the earth.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentlewoman from New York [Mrs. KELLY].

(Mrs. KELLY asked and was given permission to revise and extend her remarks.)

Mrs. KELLY. Mr. Chairman, I want to state at this point that I completely agree with my colleague from New Hampshire [Mr. MERROW] in his statement when he calls the mutual security program our second defense measure. I am, however, a little bit tired of this self-interest argument that we use, because I feel that the moral responsibility of the United States in this program is

the greater argument. I feel that the United States, representing one-third of the people of the world and possessing two-thirds of the wealth of the world, and as leader of the free world have a moral responsibility to the people of the world. There must be a mutual security program in order to achieve the dignity of the human being and liberation for those nations which have been absorbed by Communist Russia. No matter what we do, no matter what the United States does, it will still be the No. 1 enemy of the U.S.S.R. We will have the U.S.S.R. as an enemy, no matter what happens at Berlin. Quemoy, or any other section of the world.

It seems to me, Mr. Chairman, that this Mutual Security Act, for one reason or another, is an anathema to many Members of Congress and to many Americans.

To them it is a cause for the huge U.S. national debt, it is the cause of the deficit, it is the cause of the gold movement from the United States, it is the cause of inflation, it is the cause of closing the doors of U.S. industries, it is the cause of unemployment, it is the cause of a large amount of foreign currency accruing throughout the world. Name most any local, State or Federal problem, and you will find many who will blame this situation on the Mutual Security Act. I do not know why this attitude is not directed at any other Government agency or program, such as the atomic energy program, Veterans Services, Agricultural program, all of which cost the taxpayers billions of dollars, and particularly the soil bank program, which it is now agreed by all is a failure.

Thus it can be said that any Federal budget expenditure one does not like is the cause of unbalancing the budget or is the cause of the debt or is the cause of our deficit. I beg of you not to consider the mutual security bill in this light, but to endeavor to view it from the viewpoint of what would happen to the position of the United States if we did not have a mutual security program, what would happen from our military, economic, political, or diplomatic viewpoint?

It is true that criticism of this program has increased. But this new criticism has not been coming from the long-time enemies of the program but from those who would be ranked among its supporters. I am one of them. I, too, have done much soul searching in trying to arrive at a bill which I feel others would accept. I have come to the conclusion it is most needed and a most urgent program. The good this program does far outweighs its errors.

My criticism of the program is that it does not meet the problems of the world today. It has been going along at the same pace, same methods, as the program in the postwar period. It needed new direction, it needed tighter administration and supervision. Therefore, I can say that the program was in extreme difficulty in the form in which President Eisenhower submitted it to the Congress. However, after months of hearings and consideration, the Committee on Foreign Affairs, under the

guidance of our able chairman, the gentleman from Pennsylvania [Mr. MORGAN], used a real surgical knife and cut out many of the defects of the program, tightened control, recommended new direction, and as a result reported out a mutual security bill, H.R. 7500, which you can accept.

I hope that the action taken on this bill will give guidance to the committee in the review and revaluation the committee will undertake later this year.

Mr. Chairman, each year at this time Congress considers the whole premise underlying our effort of mutual assistance to our allies. The achievements are noted as well as the shortcomings. In a worldwide effort, such as our mutual security program, it is difficult to measure in terms of accomplishments and progress. It would be a mistake, however, to underestimate the strength or the ambitions of the Soviet Union either in the military or economic field. International communism is a relentless foe always probing and seeking ways and means to weaken the structure of democracy in the free world.

Aggression and subversion by international communism in various parts of the world are a constant threat to the security of all free nations, and against this threat the people of the free world must be adequately protected. For this reason the military strength of all free nations must be in balance with economic development in these same countries. The consolidation of strength of the free nations is convincing evidence that Soviet aggression will be met through the combined efforts of all free people.

The Soviet threat to Europe was quickly recognized in November, 1958, by the demands made by the Communists against the Western position in Berlin. The prompt action of the NATO ministerial meeting on December 16, 1958, by declaring its determination to meet the threats had a convincing effect on the Soviets. The Berlin situation demonstrated NATO's strategy and capability to deal with different kinds of situations if it is to deter Communist aggression.

The Berlin crisis serves as a reminder of the need for free world solidarity in resisting the probes and thrusts of the Soviet drive for world domination. It underscores the role played by the mutual security program in strengthening the capacity of the free world to survive and act in unity.

The Soviet threat to the freedom of West Berlin presents the NATO community with the gravest challenge it has faced in the 10 years of its existence. Our ability to weather this crisis will depend in large part upon the strength, the unity, and the determination displayed by all of us.

The value of the 15-nation NATO accord has repeatedly proved itself not only by its survival, but also in its growing prestige and influence in the many crises we have experienced since 1949. Now in its 10th year, supplemented as it is by the U.S. strategic forces, NATO forms the most tangible element of the free world's deterrent to Communist aggression. The judicious use of military aid

funds in such cost-sharing activities as the mutual weapons development program, and the greater use of the European industrial capacity has resulted in substantial progress by our allies toward cooperative development, production, and financing of weapons and equipment for their own use.

From the establishment of NATO through 1958, the United States has contributed some \$14.6 billion in military assistance. During the same period the NATO countries have themselves spent over \$100 billion on defense. While we furnish materiel and training, our European allies provide the vast majority of the NATO manpower, a substantial amount of their own materiel, land, and facilities. The contributions of individual NATO countries to U.S. security are apparent not only in the manpower and materiel which they devote to defense, but also in the base facilities, airfields, ports, and communications systems which are available to the United States and other NATO forces. The retaliatory striking power of the free world would be markedly curtailed by the absence of this united and firm organization defending our free world which the United States would not have without the mutual security program.

ECONOMIC PROGRESS OF WESTERN EUROPE

Behind the protection afforded by NATO, the European economy has flourished over the past decade with the efforts of the European countries supplemented by our own economic aid programs.

If western Europe is more prosperous than before World War II, its increased prosperity is in our interest. One of the aims of U.S. policy after World War II was to help revitalize European economies so that they could better withstand the havoc that communism everywhere wreaks, in the midst of want and economic instability. With greater prosperity Europe is better able to bear its proper share of the defense burden.

Europe emerged from World War II in economic chaos, with industrial and agricultural production far below prewar levels. The severe economic strain was reflected in rampant inflation, huge foreign trade deficits, dwindling foreign exchange reserves, and grave political instability, including Communist threats to seize control in some countries. Largely through its own efforts, but with effective Marshall plan aid making the difference between failure and success, Europe made a complete recovery and has gone on to new heights of economic activity. Western Europe's combined gross national product rose 63 percent in real terms from 1948 to 1958; private consumption increased 50 percent, and public and private investment 92 percent. During this period overall industrial production doubled, with steel output up 108 percent, electricity production up 121 percent, cement up 132 percent, and the chemicals industry increasing output 173 percent. Agricultural production is at a new high point, up 60 percent. The volume of intra-European trade has nearly tripled. Is this not what we hoped to achieve?

As a result of this recovery, Western Europe is a stronger and more self-reliant partner of this country. Now, except for Greece and Turkey, no Marshall plan country receives economic grant aid from the United States. Today, Europe is making a major contribution to free world security. Our European NATO allies are spending over \$13 billion a year for defense, more than the entire cost of the Marshall plan. They provide the bulk of NATO manpower, and substantial amounts of its materiel, land, and facilities, including provision of bases for the U.S. Strategic Air Command and sites for installation of IRBM's.

On the economic side, the immense expansion of Europe's exports to the rest of the world, up 130 percent in volume from 1948 to 1958, has gradually narrowed the balance of payments gap and brought within the sight the solution of Europe's most difficult postwar economic problem. With improvement in its economic strength and in its gold and dollar holdings, the countries of Western Europe have increasingly been able to remove restrictions on imports from the dollar area. Last week, the United Kingdom made another important liberalization of its dollar area import quotas. From 1950 to 1958 Western Europe's imports from the United States increased by 56 percent. In recent years, the countries of Western Europe have purchased some \$5½ billion annually of American exports, and constitute the largest export market for U.S. agricultural products. Recently, Europe took a major step toward full convertibility when it made its currencies convertible for nonresidents.

Economic recovery has also permitted the nations of Western Europe to take on more and more of the burden of assisting the progress of the less developed areas of the free world. Over the last 5 years, Western Europe has provided about \$1 billion annually in public grants and loans, to the less developed countries. The United Kingdom, France, and West Germany have been particularly active in this respect. In addition, the European Common Market is now setting up a special fund which will provide some \$580 million of development assistance over the next five years to underdeveloped areas associated with it. European private capital also has been moving increasingly to the less developed areas.

GOLD MOVEMENTS

The question of the ability of the United States to meet its external obligations has been related to the gold outflow of 1958 and early 1959. The net sale of gold by the United States during this period is not remarkable. Changes in the direction of gold movements occur from time to time, and the recent outflow of gold has offset the purchases of gold by the United States in previous years.

Our gold stocks are now some \$12 billion greater than at the end of 1934. They are nearly \$9 billion in excess of the required domestic reserve which is ample for U.S. trade for the conversion of dollars held by foreign governments for gold purchases. In this connection

it should be noted that gold purchases from the United States by foreigners last year were not accompanied by a decline in their dollar holdings. They did not as a group shift from accumulated dollar balances into gold. Instead, as shown in our balance of payment data, they continue to increase their liquid holdings by \$1.1 billion, indicating their continued confidence in the dollar.

Mr. Chairman, through the help of the mutual security program, our friends in the free world support ground forces totaling more than 5 million men stationed at points where the danger of local aggression is greatest. These nations man an air force of about 30,000 aircraft of which nearly 14,000 are jets. They have also made available to our use some 250 bases in strategic locations, bases which are indispensable to the full effectiveness of our deterrent powers. These allies also have contributed some \$141 billion for their defense effort—to which we have added a total of some \$22 billion for arms, equipment, advanced weapons, and training.

In addition to the great power build-up in the territories of our Western European allies, we are aiding 12 other nations, both by military assistance and defense support, to create and maintain forces whose existence support our foreign policy objectives. These nations, together, provide 3 million armed forces of the 5 million I have just mentioned.

I want to emphasize, Mr. Chairman, the word of our Secretary of State, the Honorable Christian A. Herter, in his testimony on mutual security before the committee:

I have said that the mutual security program supports our efforts to achieve the objectives of our foreign policy in the face of these challenges. What are these objectives of our foreign policy?

First, we are trying to establish a stable political world order, a necessary prerequisite to which is a durable peace.

Second, we are encouraging the economic growth of free nations, for both practical and humanitarian reasons.

Our third objective, beyond the limits of national survival and progress, is to gain ever-widening acceptance of the idea of the freedom and dignity of the human individual.

I trust the Members will support H.R. 7510.

Mrs. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. ADAIR].

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, it has been indicated that there are things in the bill which are unsatisfactory to a good many Members; and, on the other hand, things which are liked by others. I think there are some serious defects in it.

Many times in speaking on this legislation I have said that we could make a Mutual Security bill which I would support. We have not done so. There are, in my opinion, some good things in this legislation. For example—and this is by no means a list intended to be all-inclusive—we need to give certain

military assistance to our trusted allies. I shall not name the countries, but all Members know pretty generally which they are. Certainly, if they are willing to stand up and be counted, to be ready to fight shoulder to shoulder with us, we should give them necessary support.

The technical assistance programs are generally good, and at the same time among the least costly parts of the bill.

The Development Loan Fund, about which I shall speak in more detail shortly, while it has many shortcomings, is an improvement over the giving of outright gifts or grants.

In spite of these things there has been this year a great deal of well founded and I think justified dissatisfaction with this bill. It is reflected in the correspondence which some of us receive in our offices. It is reflected in the extent of the committee hearings which were held in an effort on the part of the committee to dig out the facts upon which legislation could be presented. It is indicated even more specifically, perhaps, in the fact that there were prepared for submission to the committee almost 90 amendments to this legislation, as the bill was marked up. Of those, some 30 were adopted. I think that these factors indicate clearly a widespread dissatisfaction with the bill, a feeling that something ought to be done about it that was not being done. Some of us felt that this year we should have brought in new legislation entirely. Members will recall that that has not been done since 1954. But it was the feeling of the majority of the committee that that should not be done, that this bill which amends existing legislation should be presented again this year, thereby, I think, laying the committee open to the charge that we are simply rehashing old phrases and old words and old arguments and reusing old ideas rather than giving this a new, fresh look, and some new ideas.

It was said by many witnesses before our committee that this would be a program which would continue indefinitely. Some of us are disheartened at that. Some of us feel that it should be used instead as a means to meet specific needs at specific times. For example, mention is frequently made of the Marshall plan and its operation in Europe. It is pointed out that a plan which operated successfully there does not necessarily mean that the same or a very similar plan will meet the needs of nations elsewhere in the world. I am saying, therefore, that in my opinion a shortcoming of this bill is that it deals in too many generalities and in not enough specifics.

A few moments ago I mentioned the Development Loan Fund. I think perhaps we ought to say a little more about that. In the first place, many thinking people are concerned lest we are getting too many financial institutions in our Federal Government. We have the World Bank; we have the Export-Import Bank; we have the Monetary Fund; we have the Development Loan Fund. There is legislation proposed now to set up a Regional Bank for the Western Hemisphere. This multiplicity of foreign lending institutions makes it very difficult to find the extent of our fi-

nancial commitment throughout the world.

There is a feeling that perhaps this Development Loan Fund is just adding further confusion. We say we approve the Development Loan Fund because it replaces grants with loans. I think that is good. I say further that it is not as good as it would appear at first glance because more than 80 percent of these loans are repayable in local currencies which are not convertible into our dollars. So that when we say we are getting interest and repayments, in more than 80 percent of the cases those funds are usable only in the countries where they originated. They are not, as many people believe, coming back to the Treasury. Only the dollar amounts come back to the Treasury. The local currency funds do not. We are, in effect, because those funds can be reloaned, setting up a revolving fund out of which loans can be made in the future.

I say to the Members of this body that to the extent that becomes a revolving fund, just to that extent have we in the Congress lost control over it. When we authorize and appropriate, we do maintain some control. But when it becomes a revolving fund, our congressional control is very remote.

CALL OF THE HOUSE

Mr. HALEY. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Ninety-two Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 86]		
Andrews	Hagen	Sheppard
Ashley	Hess	Siler
Ayres	Kilburn	Smith, Miss.
Barden	Macdonald	Steed
Barry	Norblad	Taylor
Canfield	Ostertag	Teague, Tex.
Cohelan	Poage	Whitten
Cooley	Robison	Willis
Davis, Tenn.	Rostenkowski	Wilson
Fogarty	Shelley	Withrow

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 7500, and finding itself without a quorum, he had directed the roll to be called, when 398 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, turning now to the matter of available funds, I think Members would be interested in some figures which were given to the committee. As of the end of this fiscal year, on June 30, we were informed it was expected that \$4.8 billion would be in the pipeline. If to that is added the \$3.6 billion presently in this bill and \$1.1 billion in local currencies held abroad but owned by this country, and

almost \$700 million in local currencies owned by other countries, but subject to control by the United States and the holding country, we have substantially over \$10 billion, available for use in this program.

Finally, the committee added to the bill new powers of transferability.

This was done by means of a section which provides that up to 30 percent of military assistance funds may be used for other economic purposes. This is in addition to existing powers of transferability. I feel that this is excessive. If we are to provide funds for military assistance, then we should not make it possible that they be used for other types of expenditure. Finally, all of us should know that since 1950 there has been in excess of \$1.8 billion taken out of the military funds of this program and put to economic uses. I repeat, since 1950, most of it since 1952, \$1.8 billion that was authorized and appropriated for military purposes was taken out of that fund and used for economic purposes under the powers given in this legislation. The persons who are particularly interested in the military aspects of this bill certainly will want to have those figures in mind.

For the reasons that I have outlined, Mr. Chairman, I feel that this is not good and proper and necessary legislation, that it does not accomplish its stated objectives and I urge that the bill be defeated.

Mr. MORGAN. Mr. Chairman, I yield 6 minutes to the gentleman from Connecticut [Mr. BOWLES].

(Mr. BOWLES asked and was given permission to revise and extend his remarks.)

Mr. BOWLES. Mr. Chairman, I strongly endorse the committee bill as reported. I believe that it is both responsible and constructive, and that it deserves a strong, affirmative vote by the Members of this House.

Before coming to Congress last January, I had worked with our foreign aid programs, in one way or another, for nearly 15 years. I have observed this effort as an official of the United Nations, as United States Ambassador to India and Nepal, and as a private citizen on extensive visits to Asia and Africa.

During the first months of my service in India, I negotiated the first major economic assistance program under point 4. I was also responsible for putting together a staff from scratch, for working out procedures with the Indian government, and for carrying through to see that our money was properly and constructively spent.

Hard, practical experience has convinced me that the legislation now before us is totally vital to the objectives which we all share; the creation of world-wide conditions which will ultimately make possible a just and lasting peace.

It has also made me aware of the serious mistakes that have been made in the administration of this program. Some of these mistakes were inevitable in any pioneering effort of this kind. Others were the result of inept administrative judgment plus a failure to understand

the deep-seated political, economic, and social forces which are shaping history.

Six weeks ago on the floor of this House, I discussed these weaknesses and miscalculations and suggested the following change of direction and emphasis.

This program should be presented to the American people and to the world, not on the negative basis of fear with its implied support for the status quo; but as a bold assertion of our faith in the future of free institutions and our desire to work in partnership with like-minded people the world over.

We should recognize the fallacy of pouring military assistance into countries which are not directly or indirectly threatened by communism, where the net result of our efforts has been to bolster dictatorships which share neither our aspirations nor our concerns.

We should avoid the waste that inevitably results when we overload nations with aid which are either unwilling or unable to put their own economic house in order.

To meet this situation I urged that administrative standards be developed which would direct more of our economic assistance programs to those countries which possess honest and able administrations and which have demonstrated a willingness to sacrifice in their own behalf through high taxes and cutting down of the importation and production of luxuries for the few at the expense of essential goods for the many.

The bill which we have before us today contains new language which will help correct these weaknesses plus amendments that should help to tighten the present administration procedures.

Newspaper editorials and radio commentaries have applauded the committee's changes as reflecting a new congressional determination to eliminate the political expediency which has characterized certain phases of this program in the past, and to place our relations with the recipient countries on a more constructive, partnership basis.

The money reductions in the committee bill, which accompany these changes will largely effect military expenditures which have been made in disregard of local political and economic factors.

Now, regardless of these changes, I realize that many Members of the House will oppose this bill as they have opposed all mutual security legislation since the launching of the Marshall plan.

Their views stem from the old assumption that somehow and in some way America can return to isolationism. This ignores the clear fact that politically, economically, and militarily our world is increasingly interrelated and that our only hope for peace and security lies in acting boldly and creatively in the light of this fact.

Others while accepting the basic principle of foreign economic assistance, may support further cuts on the ground that if we cannot afford enlarged domestic appropriations to meet urgent needs here in America, we cannot afford to help other people overseas. This also strikes me as specious reasoning.

Mr. Chairman, if such attacks on this program succeed, however well inten-

tioned their authors, the result will be catastrophic to America interests throughout the world. It is difficult to conceive of a heavier blow not only to our immediate security, but to our ability, skill, and capacity to influence future events.

Our Armed Forces effectively supported by our allies and our overseas base systems—which have been made possible by the mutual security program—provide the essential military barriers against overt Communist aggression.

But let us never forget that the creation of this barrier is not an end in itself, but only the means to an end. The future of the world ultimately will be decided by what kind of societies are created behind that barrier.

We Americans do not seek satellites. Our objective is a world of free nations in which people may be permitted to shape their own destinies in their own way.

Let us, therefore, seek this objective boldly, confidently, and constructively.

The Development Loan Fund and the technical assistance program represent an imaginative bipartisan effort to create the conditions under which freedom can grow and prosper.

It is the positive, constructive heart of the mutual security program. Personally, I would like to see the authorization and the budget increased.

In closing, may I express the belief that historians will record the decision we reach on this bill, and on its appropriation, as the most important single decision of this Congress. It will be remembered generations after most of the other legislation before us has been forgotten.

Decisive congressional support for the committee bill will serve as a warning to Communist dictators and as a rebuke to those who would use our aid to bolster a decadent feudalism.

Even more important, it will provide a bold reaffirmation of the traditional American faith that intelligent, dedicated, free men, working together with imagination and conviction, can ultimately create the basis for a just and meaningful peace.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. JACKSON].

(Mr. JACKSON asked and was given permission to extend his remarks.)

Mr. JACKSON. Mr. Chairman, I rise in what may ultimately prove to be a qualified approval of H.R. 7500. I should like to say at the outset that my mental reservation on the subject legislation springs from a very deep and genuine concern that some of the changes in emphasis which have been made in the present bill may work to the ultimate detriment of this Nation and to its allies in the free world.

I support the principle of H.R. 7500 as I have supported it since the original Marshall plan was drafted in the 80th Congress. I support it because I see in it the most significant development in our time in the historic conflict, between the bared human back on the one hand and the insensate forces of tyrannical government on the other. That conflict in our time is essentially no dif-

ferent than it was in 4000 B.C. when man first emerged from the dim mists of antiquity. He appeared on the stage of history at that time as a slave. We cannot say whether the hundreds and thousands, possibly millions of men and women in the Valley of the Nile who hauled the great blocks of granite down the river to hoist on the pyramid of Cheops, or who raised with back-breaking labor the vast statues of Rameses in the Valley of the Kings knew anything of human dignity or freedom. But we can assume and with considerable reason that they hoped for a better status in life and dreamed of an escape from the whips in the hands of their overseers.

The long and tragic struggle between government on the one hand and the individual who seeks self-determination and freedom on the other is today being replayed on the stage of our era, in the struggle between world communism and the forces of the free world. That struggle, I repeat, is as old as time itself. Egypt was repeated again in Assyria, in Babylonia, Phoenicia and in all parts of the ancient world. Even in Greece, during the golden age of Pericles, for every free man in the city state, there were 10 slaves.

We have had forced into our unwilling hands the torch of human liberty. We have accepted reluctantly world leadership in a titanic struggle to determine whether our world is to be one of free peoples or whether we are to revert again to the brutality and the indignity which obtained in the Valley of the Kings. By our actions in the face of the grim challenge confronting us, we will play a major part in the ultimate decision as to whether our backs and those of all the other peoples of the earth are to again be laid bare to the whip, or whether the world can live in decency and mutual respect for the rights and privileges of free peoples.

Fortunately, during all of the periods of world history there have been constructive ideas and there have been dedicated men with the courage of their convictions. The world owes much to those whose dedication was to a fulfillment of the hopes, the dreams, and the aspirations of mankind, the greatest of which, of course, is the inherent desire of men to control their own destinies. Even during the dark ages, when Western civilization appeared to have a way of taking two steps forward and one step back, there was always to be found that idea or that individual interposing itself or himself between the whip and the bared back. There were the ideas enunciated beside the Sea of Galilee; those of Mohammed and Buddha and in our own land those which guided Washington, Lincoln, and Jefferson. The idea enunciated today here in this House is in direct line with those ideas.

That there are criticisms of the program to be made none can deny. That those criticisms should be voiced in open debate here in the House of Representatives is a healthy sign of our Republic and our democracy in action. True, funds have been wasted. But political fire is a strange and dangerous thing. If a fire breaks out in your house

and you do not have water to put on it, you may well throw vintage champagne on it if that is the only thing on hand to quench it. Some decisions today have to be made in a changing world on a day-to-days basis—without time—without latitude to consult and to confer and to arrive at the best solution to the problem over a period of days or weeks. Certainly that course is the best method to follow. But, when that is not possible to be done, it is then necessary to move immediately and do whatever appears to be the right thing to do at that time. I said I have reservations respecting the bill, H.R. 7500, and my reservations go to the point that I fear the essential military aspects of this program may be seriously handicapped and hindered by an undue emphasis on the economic program. That is not to say the economic aspects of the program are not essential, because certainly they are, for unless we bring some surecease from famine and from disaster and from all of the things which today afflict the peoples of the underdeveloped areas of the world, we can hope to achieve no lasting success of any program we may undertake.

However, we are dealing with an adversary who knows and understands only force. His empire has been built upon force and it is today maintained upon the strength of his arms. The only solace and the only hope millions of people in the slave world today—in the cellars and in the dark places where men conspire and plot and plan their eventual freedom—the main hope they have is in the strength—the military strength of this Nation and its allies to resist attack and to strike back with massive retaliation, if it becomes necessary to do so. Any move on the part of this Congress to reduce the military aspects of this program will, in my opinion, bring a tremor of fear to the hearts of millions of people on this earth who look to us as the only salvation they have in the present conflict. The world saw in the streets of Budapest, men attempting to wrest back freedom from the aggressor with rake and hoes, stones and clubs. We saw the tragic outcome of that struggle. The world knows what happens when desperate men try to regain lost freedom without the weapons in their hands to do it. I hope very much that this House, in its wisdom, Mr. Chairman, will look very carefully at any amendments which are intended to reduce our military capacity and that of our allies to maintain the posture of strength which we now have. Furthermore, I hope that several aspects of the bill will be so modified as to result in striking from the instant bill some of the present language which restricts and hampers our efforts to maintain collective strength, which are presently in danger. As I said at the outset, Mr. Chairman with this reservation I am in strong support of the bill, H.R. 7500.

I am sure that all amendments to be offered today and tomorrow will be offered in all good faith, and as I have never impugned during my membership in this body, the motives of any man or woman on this floor, I do not do so today. I know there are serious doubts

as to the efficacy of the program in the minds of many Members, but I do hope that on the final rollcall this body will say to the world, "To our foes and our allies alike, both in front of and behind the Iron Curtain, that the United States of America and its people, as the present day repository of the torch of freedom do not intend to retreat an inch from the position of leadership and strength that we have taken before the world."

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. ANFUSO].

(Mr. ANFUSO asked and was given permission to revise and extend his remarks.)

Mr. ANFUSO. Mr. Chairman, as we meet today, the questions raised by our foreign-aid program are fresh in all our minds. Each decision we have made is predicated on one basic concept that has been accepted by the Congress and that is that we are at war today.

It is only the grace of Almighty God and the leadership that has existed in our country for the past decade that has prevented this so-called cold war from becoming so hot as to consume the entire world. No responsible man can fail to do his best to avoid an all-out nuclear war, nor will he fail to take such steps as will make it difficult for an irresponsible man to precipitate such a calamity upon the human race.

I am proud to have been a member of the Congress which for many years has fought the battle of the cold war both in the field of ideas and in the field of material assistance. That is why, to me, any debate on this subject has little significance except as to how we will pursue this phase of the cold war. We are in complete agreement that some such steps are necessary. The less privileged nations of the world must not become vulnerable to Communist infiltration and political intrigue through a failure of the material assistance which we, among all nations of the world, are best in a position to give them.

If the nations of the free world remain strong, the example of their prosperity and happiness may well persuade the peoples of the Soviet bloc nations that our way of life is the best. Certainly to whatever extent this result is attained, all we have done to support this program will give us a return far beyond any investment that we have made and will continue to make. The moral and physical strength of the free world, if maintained and increased, may well be the force which will prevent the cold war from becoming hot, or if it should be so willed that this occurs, give us the combined strength to successfully meet the trials of such a war.

Mr. Chairman, I do not have to tell this group how strongly I support the program of foreign aid. I do so with full knowledge that it places on all of us and our constituents heavy responsibilities for contributions to the program of strengthening the nations of the free world. It is with this thought in mind that I make one suggestion to my colleagues and through this speech invite the attention of the executive branch of our Government.

Seldom has there been any policy in which the Congress has been so consistently bipartisan in its approach and where it has so emphatically established a policy which a few people in the executive branch have consistently opposed. There have been no stronger supporters of the barter program than our distinguished majority and minority leaders. The great chairman of the House Agricultural Committee and the ranking members of the minority of that committee have consistently fought vigorously for this program.

In my own fashion, I have done all that I can to support their efforts because I am aware of the tremendous value that the barter program has been to the underprivileged nations of the world, many of which are included within our foreign aid program. I do not know whether this body has ever considered this particular aspect of the program.

Last year, when the House Agricultural Committee was considering the barter program, its able staff developed certain information which I believe will be of interest to our Members. It shows clearly that many of the underprivileged nations of the world were being materially assisted by the barter program. Furthermore, if the Congress insists that a proper barter program be followed, we can continue to give such aid to many of the nations of the world included within our foreign aid program. This may well make it possible for us to reduce our direct aid and at the same time give them the type of assistance which I suspect will help them the most and which I believe they would prefer.

As we all know, we have tremendous surpluses of agricultural commodities which, according to the Department of Agriculture, are costing us approximately \$1½ million per day to store. In 1954, when the Congress enacted Public Law 480, it carefully inserted the framework for a barter program which was put into operation by the Department of Agriculture but curtailed in May 1957, by the Secretary of Agriculture. As of December 31, 1957, Agriculture had moved approximately \$1 billion worth of surplus commodities into the markets of the free world. The savings brought about in storage by these transactions is obvious, because the storage costs of these commodities is more than 10 percent of their value. Under the program then in existence and as envisioned by the Congress, these commodities were sold in markets of the free world and in the majority of instances the proceeds of those sales were used to purchase from the countries of the free world the materials being taken by Agriculture in exchange for the commodities. The sales by these nations, in the majority of cases, were sales that they could not otherwise have been able to make. The materials delivered under the barter contracts went into a supplemental stockpile. They were thereby taken off world markets, with the result that world market prices were stiffened and our domestic industries dealing in the same materials were assisted materially in the sales of their products.

But, Mr. Chairman, as the ripples of a rock thrown into a pond spread through the entire area of that pond, so the effects of these barter have spread throughout the countries of the free world. The moneys, whether they be dollars or sterling, which were created by the sale of the surplus commodities, were used to pay for the materials. Therefore these nations could use these moneys for the purchase of additional agricultural commodities from the United States or other needed materials or equipment from the United States or from other nations of the free world.

In other words, Mr. Chairman, to the extent that these so-called barter transactions were entered into, we have stimulated not just one transaction in the markets of the free world, but I suspect that the beneficial effects of many such transactions are still continuing.

The quantity of materials that has been taken through this program and put into the supplemental stockpile is classified but their value is not. I quote now from a report prepared by the Department of Agriculture, dated March 4, 1959, certain examples which will demonstrate the point that I am making. For instance, during the 4 years covered by this report, \$70 million worth of barter transactions were made with Turkey supplying the materials. Unspecified countries in Africa furnished \$94 million worth of materials; the Belgian Congo, \$8 million; Bolivia, \$2 million; Italy, \$11 million; northern Rhodesia, \$14 million. In addition to the \$94 million mentioned above as coming from Africa, there was also \$113 million worth procured from South Africa. There was even \$9 million worth purchased from Yugoslavia. A total of 44 nations of the free world have sold materials through the barter program.

What this means, Mr. Chairman, is that the chrome miner in Turkey, the worker in the diamond fields of Africa, or the laborer in the mercury industry of Portugal or Italy was given work through this program. But the wonderful part of it is that the United States received full value for the assistance that this gave to those nations.

How much better is it to thus stimulate employment and create markets for these nations when it can be done without additional drain on our appropriated funds. What other program does more?

I am not certain as to whether or not we can cut \$1 off the foreign aid funds presently allocated to the various nations. But I do know beyond any shadow of doubt that we can put cash into those countries through this barter program, and it would appear reasonable that we could reduce the amount of direct aid that we give to them. Again I want to repeat, Mr. Chairman, that the psychological effect on a nation and its people by giving them an opportunity to earn something rather than accept all of our assistance as a form of charity is not the least effect that must be weighed in considering this problem.

There is no question but buying materials have a worthwhile effect in assisting the economy of a nation that is supplying the materials. There is no

question but that the national resources of the United States will be tremendously increased by the acquisition of materials which nature did not give us in the first place or which our industry has already exhausted in exchange for deteriorating agricultural surpluses. As time goes on, future generations will bless the foresight which secured for us such resources which will be in increasingly short supply as the demands of a growing world continue.

Furthermore, the selling of our surplus commodities through barter has been an important factor in our economic warfare with the Soviet. According to reports from the Department of Commerce and the Department of State, the restrictions on the sale of our commodities through barter into the so-called dollar countries has created a vacuum into which agricultural imports from the Soviet bloc are flowing in an increasing volume. Soviet exports into these countries in 1957 totaled over \$80 million, but their projected volume for 1959, as shown by their signed agreements, is much heavier. Why we should willingly surrender any part of our markets to Russia is unfathomable. Yet the curtailment of the barter program by the Department of Agriculture has had this very effect.

Before closing, Mr. Chairman, I want to commend the efforts that are being made by both sides of the aisle to convince the President of the United States that some of his administration have emasculated not only the policy laid down by the Congress but have not carried out what we believe to be his own desires. These efforts have been intelligent and forceful. So far, however, their results have not been apparent.

It is my fervent hope that if the executive branch does not see fit to carry out this policy laid down by the Congress, the Congress should, during this session, give them such a legislative mandate that it can no longer be ignored. Such a reactivation of the barter program, freed from the restrictions that make it impossible to help the nations involved in our foreign aid program, will help these nations to help themselves, but of equal importance, will help our country as well.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. PILCHER].

Mr. PILCHER. Mr. Chairman, I find it very difficult to get up here in opposition to the chairman of our committee, a man for whom I have the utmost respect, and a man who has shown me every courtesy and consideration not only during the hearings on this bill, but also for the last 6 years on this committee. But what makes a democracy is difference of opinion.

This year marks 41 consecutive years for me in public office. I was elected mayor of my little town when I was 21 years of age; and as mayor, member of the board of education, member of the county commissioners, State legislature, State senate, State purchasing agent, and then in Congress. In my section of the country I have always been considered a liberal. I have always fought for the things that were progressive.

I am not against mutual security; I am for mutual security. I would vote \$1 billion or \$2 billion this afternoon for food, fibers, health, education, technical assistance, and such things to help these people help themselves. I find myself in the position of Eugene Black, President of the International Bank, who said: "We do not need volume; we need quality." That is what is wrong with the mutual security program today.

The gentlewoman from Ohio [Mrs. BOLTON], a member of our committee on the Republican side, who is for this bill, has requested the Department every single year for 5 years to bring us a progress report, show us what they were doing, tell us where they are making progress. I believe she will corroborate my statement that to date they have not complied with her request to her satisfaction.

When the Comptroller General of the United States, the only auditor that the Congress has, tells you in no uncertain terms that the bad programming, the mismanagement, the waste and extravagance, and even corruption is due to having too much money we can believe him. We all know we have got to have military aid for Korea and Formosa, for Turkey and Greece, but what about the large fund that we voted a week or 10 days ago to our Defense Department? Why cannot some of the help for these countries come through our Defense Department?

I believe the gentleman from California [Mr. SAUND] knows as much about the philosophy and psychology of the Asiatic peoples as anybody in this House. He will tell you that the military aspect of this program is hurting us worse in Asia and doing us more harm than it is doing us good.

When we started the Marshall plan we were dealing with a group of people who had industrial know-how, who had technicians, who had banking and commerce; and after receiving \$12 billion or \$14 billion they were back on their feet. But here we are dealing with people all around the world, in some cases where not even 10 percent of them are literate, cannot read and write; and there is where the waste and extravagance of that programming is showing up.

Let us take South America: We are arming every little country down there to the hilt. Go to the capital city of any South American country any morning and around 8 or 9 o'clock and for 2 hours you will see men goosestepping around with arms and guns furnished by the United States. Go to Santiago, Chile, and you will see the same thing. Go 30 miles farther down to Valparaiso, and there you will see a cavalry parading on pretty horses. Go even 90 miles away from the shores of the United States, to Cuba, where for 6 or 7 years we have put millions of dollars into the Batista government for guns and ammunition. I do not know whether he is our friend or not. They are in Castro's hands today. Look at Iraq.

As long as people are hungry, as long as children have to eat out of garbage cans, you are going to have the threat of communism in any of these countries. The idea of sending guns and

military equipment to these countries with the idea of stopping international communism is outright poppycock.

Any man who has been operating a little business, as I have for 40 years, and has to meet a payroll once a week, knows that any time his books begin to show red he is in trouble.

As long as it shows black and you have a profit, the bankers will pat you on the back and say: "Go to it. We will let you have all the money you want."

But the great Uncle Sam, who has been recognized as one of the powers of the world, is in the situation now where a half a dozen or more countries are discounting our currency today. Stop and think about that. Take little Austria that is paying reparations to Russia, her dollar is backed up by 38 percent in gold, whereas ours is 25 percent. Our national debt is \$50 billion greater than the total national debt of every foreign country, including Soviet Russia and her satellites.

I love this country, Mr. Chairman. We are fighting a cold economic war that is just as important as a military war. So long as we are strong economically the rest of the world will look up to us. When we get weak economically then we are going to be weak militarily. You people who represent the labor districts of this country should wake up and realize where your jobs are going under this program. I used to gin 10,000 bales of cotton in my little town. Today I am ginning 2,500 bales. American business has gone to Mexico and South America, who are growing this cotton. We are selling more cotton gins down in South America and Mexico to American business than we are selling in the entire United States. We have lost our hardwood plywood industry. Look at the camera industry, watch industry, automobile industry, textile industry, watch every other industry. It is not helping labor in this country. Industry is moving out of this country.

I may be wrong about this thing, and if I am I am sorry, but, as I said before, I love this country and I think it is time for the Members of Congress to think about the economic position of our Government. Our first duty is to our wife and children, and our second duty is to the Government of the United States.

Mr. CHIPERFIELD. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. DERWINSKI].

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, the original concept of foreign aid, giveaway spending, was to rebuild the economies of allies following the close of World War II. When the Marshall plan originated, the Nation was told specifically that over a period of 4 years an expenditure of over \$17 billion would cure all of the problems of war-devastated Europe and the program would cease at that time. In statements made before Congress in the 1948 hearings on foreign aid spending, assurance was given that, that year would be the last billion-dollar foreign aid appropriation.

Of course, this temporary spending program has now become a funnel by which the hard earned money of American citizens is scattered recklessly about the earth. The original program has been expanded to cover so-called backward areas even though they have been untouched by war.

Mr. Chairman, at the present time the compelling argument used for continuation of foreign aid spending is that a fresh emergency or threatened national danger requires American dollars to be spent abroad.

Somehow or other the fiction has been created that if a country is to be a sound ally of ours gifts of hundreds of millions of dollars are necessary for us to buy friendship.

In my humble opinion, the foreign aid program should be terminated and our economic and military relations with each and every country that is now an aid recipient should be reexamined and reevaluated with an emphasis on that country's willingness to develop its own economy and maintain its own military strength.

It is difficult when thinking that the first consideration for any American program should be the American taxpayer and the fiscal stability of our great country to accept without reservation a continuation of foreign aid spending.

Let us quickly review a few facts. For practical purposes, there are 86 individual nations in the world and we are giving aid of one kind or another to 73 of these nations. Our present national debt is approximately \$286 billion, which is \$50 billion more than the debts of all the other nations of the world combined. The idea that we, so heavily in debt with our ever-increasing tax burden, should continue to scatter gifts of money around the globe to buy the support or purchase the neutrality of foreign countries is an insult to the intelligence of the American people.

Mr. Chairman, the claim is often made that foreign aid stops Communist infiltration. Does it? Let me remind you that Albania, Czechoslovakia, and East Germany are among those that at one time or another have received American funds and are now firmly within the Communist orbit.

We are told that this money is used to stop communism. Let us look at Indonesia where its pro-Communist government defeated anti-Communist forces in the still raging civil war with the aid of over \$300 million of our foreign aid funds.

Most recently, we have Iraq which, among other things, received from the United States huge supplies of military aid in addition to typical American foreign aid projects and, when the chips were down, this country and its leaders fell under the spell of Communist propaganda despite the millions of American dollars squandered there.

Mr. Chairman, I am convinced that the difficulties and obvious failures of the foreign aid program outweigh the advantages and achievements that can be attributed to it. We acknowledge that in Turkey, Greece, and South Korea our funds have helped develop stalwart allies; however, we should point out that

this is not only due to American money but because the people of those countries are willing to fight for their freedom against Communist aggression. In contrast, let us point out other countries where the people's resistance to communism has not been proven our funds have been of no avail—India, Indonesia, Afghanistan, among others, should be examples to us.

The long overburdened American taxpayer should be our first consideration. The mail I have received from my district clearly indicates the people's desire for a drastic curtailment and rapid termination of our foreign giveaway programs. Trade not aid, and loans not irresponsible gifts of money, are the two means of maintaining strong allies, loyal allies, and building them to stand with us to fight our mutual foe—atheistic, imperialistic Communists.

If the House of Representatives and its Members truly represent the thinking of their constituents, this foreign aid program will soon be terminated. My sense of duty to the citizens of my district leaves me with no other alternative but to vigorously oppose the concept that this program must be continued permanently. We must and we can reappraise this entire program, keeping in mind a sometimes forgotten fact that our first responsibility is to America, its citizens and taxpayers. Charity begins at home. Let us put our foreign relations on a sound, constructive business basis rather than the ridiculous program of squandering American dollars to buy questionable allegiance.

Mr. CHIPERFIELD. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I think the name of this program ought to be "Mutual Security Program for Peace and Progress." This is a program that says that we in the United States are good citizens of the world and that we are useful and friendly citizens of the world. It means that we in the most productive country of the world have room in our hearts, yes, and a little extra production to help other people in their climb to higher production and higher standards of living.

Are we going to close this U.S. assistance program down, that has many people in many lands depending on us to help them increase their security? It permits friendly countries to make progress and it keeps their economy moving ahead.

If you will look around our own country you will find that many of our local areas are being helped by the procurement under the Mutual Security Program. As you all know, I am from the city of Pittsburgh. We have very fine employment in steel up there, but we also have much unemployment in that area in the coal mines and other depressed areas in western Pennsylvania.

I would like to point out to you that in 1958 the U.S. foreign-aid expenditures resulted in 530,000 people being employed in this country, according to a report from the National Planning Association.

In reference to the size of this mutual security program that in 1957 the aver-

age share of our gross national product in the United States devoted to foreign aid was only 1.1 percent. In the current fiscal year 1959 this proportion dropped to 0.75 percent, not even 1 percent, and on the projection for the coming fiscal year 1960 beginning June 30, 1959, this proportion is down much further. I would like to point out to you that there is much more variation in our total U.S. economy from week to week and month to month than in the total impact upon the U.S. economy of this figure for foreign aid that we authorize annually.

We should also remember that we are at the highest peak of production that we have ever had in this country. We have just arrived at that this particular week. So I cannot agree with those who cry havoc and say that this country is going down the rathole, or that we are ruining the country by our U.S. mutual assistance program. I believe it is just the opposite.

I believe, as a small businessman myself, that the 13,000 brochures sent out on requests for procurement to the small business firms in this country, by the Small Business Administration of the ICA, is a good thing, because from 25 to 30 percent of the total U.S. procurement that is made of ICA purchases for shipment abroad is from small business. You can see, therefore, that the program is good for our own country, as well as for our security.

May I finish by saying this in response to the speech made by the gentleman from California. I have always admired the people in the Middle East, Israel and Egypt. And, of course, many of us have always liked to hear these stories of the Pharaohs. When we are talking about the Pharaohs of old, we should also remember the progress attained, and we should never forget Amenhotep IV, who is better known as Akhenaten, and his beautiful wife Nefertiti. He is the father of modern foreign policy, because he is the one who said that instead of having enemies abroad and subject peoples, you should deal with friendly nations and you should get along as a citizen of the world. Incidentally, Akhenaten was the father-in-law of Tutankhamen, who married one of Akhenaten's daughters. If you have never read about Akhenaten, sometime in the quiet of an evening you get the book out and he will show you and surprise you, because he was a wonderful man. Akhenaten believed in many democratic things we believe in, and he lived 3,300 years ago, and died when he was only 32 years old.

We in the United States cannot afford to do all of this ourselves. We need to have friendly allies and our forward bases, 250 of them, abroad. Shall the United States retreat to the old idea of "fortress America," as when pioneers defended their stockades and had the enemy dancing around just outside of their towns? Or shall we keep the airways and seaways open for all the countries of this world and work that the peoples of the world can progress together? In a good world there will be no war, and we can all work for progress and peace together.

The CHAIRMAN. The time of the

gentleman from Pennsylvania has expired.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. O'HARA].

[Mr. O'HARA of Illinois addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Michigan [Mr. BENTLEY].

Mr. BENTLEY. There are many reasons, Mr. Chairman, why I am opposing the enactment of H.R. 7500 at this time. Some of these are set forth in our minority report, beginning on page 117 of the committee print. Others will be advanced by others who are opposed to the bill.

H.R. 7500, I believe, is too extravagant and authorizes the expenditure of unnecessarily large sums of money. The entire Mutual Security Act, now 5 years old, is overdue for reconsideration and revision and a review of this military assistance phase of the program is especially desirable. The transferability provisions of the bill should be tightened and much less latitude allowed those in charge of the administration of funds. There are substantial variations in the estimates and the actual economic project assistance expenditures. The committee has even increased the budget request for the development loan fund by \$100 million. But, more important of all to me, Mr. Chairman, our own national financial condition just will not and should not permit a continuation of this program at current levels.

I speak especially with reference to the outflow of gold and to our declining balance of trade. Elsewhere in my remarks, Mr. Chairman, I will deal with these two subjects at greater length. But now I wish to remind members of the growing ability of many foreign countries to finance their own defense and assist themselves economically, countries which are still the recipients of our assistance.

Look at the map on page 9 of the committee print which shows the countries which are proposed to receive grant military assistance in fiscal 1960. The United Kingdom, Great Britain, is listed. Great Britain's gold reserve has increased from \$1.8 billion in 1952 to \$3.1 billion this year and her total holdings of gold and short-term dollars were up to \$3.7 billion by the end of 1958. Do you think that Great Britain cannot afford to pay for this military assistance?

The Federal Republic of Germany, West Germany, is listed. West Germany's gold reserve has increased from \$140 million in 1952 to \$2.6 billion this year and her total holdings of gold and short-term dollars were up to \$4.3 billion by the end of 1958. Do you think that West Germany cannot afford to pay for this military assistance?

Italy is listed. Italy's gold reserve has increased from \$346 million in 1952 to \$1 billion this year and her total holdings of gold and short-term dollars were up to \$2.2 billion by the end of 1958. Do

you think that Italy cannot afford to pay for this military assistance?

Here are some other countries scheduled to receive grant military aid and their present gold reserves and dollar holdings as of December 31, 1958. Belgium, \$1.5 billion; Denmark, \$200 million; Netherlands, \$1.5 billion; Portugal, \$700 million, all having increased substantially during the last few years. I am not objecting, Mr. Chairman, to the fact that these and other countries are building up their reserves of gold and dollars. But I cannot understand why, if this is so, we continue to take the position that they are unable to pay for the military assistance that we are giving them.

Mr. Chairman, the committee report on page 10 states that, since the beginning of the military assistance program, the United States has spent \$22 billion to provide assistance to the forces of other nations who, in turn, have spent \$122 billion on their own military establishments. But speakers who point with pride to these facts omit to include the amount we have spent in addition on our own defense establishments. Actually, we are footing by far the greatest part of the defense load of the Western World, both in dollars and in percentage of income. At this point, Mr. Chairman, I wish to include with my remarks the text of an article from the June 22 issue of U.S. News & World Report entitled "Where the arms bill hits hardest" as well as an accompanying table showing how our defense load compares with that of other nations. It should be emphasized that, in proportion to total national spending, our outlay for defense is greater than any of our allies but less than half that of the Soviet Union. It should also be emphasized that in amount of dollars spent, this country spends three times as much as all our European allies and almost \$500 million more than the Soviet Union. I also remind my colleagues to note in the accompanying article how the nations of Western Europe are spending less on military budgets and more on welfare programs, thanks to the fact that we underwrite such a large part of Western defense costs.

WHERE THE ARMS BILL HITS HARDEST

Arms outlays, dominating the U.S. budget, now take a smaller share of allied spending in Europe.

Welfare outlays, minor in United States, are arising in Europe to dominate allied budgets.

Latest figures show the trend, with United States underwriting most of the defense costs for the West.

Americans, it turns out, are footing the lion's share of the bill for defense of the Western World, both in dollars and in percentage of income. This shows up in new government budgets in the United States and abroad.

Allies of the United States in Europe, freed from the need to spend so great a portion of their incomes on defense, now spend much more on welfare.

The result: While the biggest outlays by the U.S. Government go for arms, the biggest outlays of its allies' governments in Europe are being made for welfare programs of various kinds.

U.S. SPENDING: HIGHEST

You get an idea of just how large a share of the common defense of the West is being

paid by U.S. taxpayers from the chart on this page. Americans spend more of their private and public outlays on defense than do any of their European allies—at least twice as much as most of them.

When it comes to welfare expenditures, however, the picture is reversed.

You see what's happening by comparing the proportion of total private and public spending—gross national product—that goes for welfare-state outlays in each of the countries in the chart that follows. These estimates are based on figures compiled by the International Labor Organization and brought up to date by the economic unit of U.S. News & World Report:

	Percent
France.....	15
West Germany.....	15
Belgium.....	13
Italy.....	12
Britain.....	10
Denmark.....	10
Norway.....	8
Netherlands.....	8
Canada.....	7½
United States.....	5

These welfare expenses include such things as old-age pensions, medical care and public-health services, allowances made to families with children, public assistance and relief payments. The figures do not include cost of education, public works and tax benefits.

The United States, in other words, is bearing by far the biggest defense burden, even in proportion to its total national spending, while making the smallest proportionate outlays for welfare payments.

WELFARE TREND: UP

The trend is for welfare to dominate budgets of allied governments in constantly growing amounts, with defense outlays taking a progressively smaller share of the total.

Since 1954, each of this country's allies in Europe has followed that trend. In France, for example, welfare outlays have increased from 14 percent of the spending total to 15—while defense has been cut from 7.6 percent to 6.8.

Russia, meanwhile, continues to put its big emphasis on military outlays, even though it poses as the original "welfare state." Soviet arms outlays now are four times welfare expenditures, and are reported to be still rising.

How defense load of United States compares with other nations'

	Defense costs	Defense costs, share of total private and public spending (gross national product)
		Percent
Soviet Russia.....	\$45,000,000,000	24.0
United States.....	45,489,000,000	10.4
Britain.....	4,800,000,000	7.5
France.....	3,800,000,000	6.8
Canada.....	1,800,000,000	5.6
Greece.....	155,000,000	5.3
Netherlands.....	460,000,000	4.9
Turkey.....	510,000,000	4.2
Italy.....	1,000,000,000	3.8
Norway.....	145,000,000	3.7
West Germany.....	1,800,000,000	3.4
Belgium-Luxembourg.....	380,000,000	3.4
Denmark.....	140,000,000	2.8

NOTES

In dollars, United States spends 3 times as much as all its European allies—and almost \$500,000,000 more than Russia.

In proportion to total national spending, U.S. outlay for defense is greater than that of any of its allies—but less than half that of Russia.

Source: Data for Russia, U.S. Central Intelligence Agency and U.S. Department of State; for other countries, International Cooperation Administration.

I also intend to discuss our balance-of-trade picture at more detail elsewhere in my remarks, but I imagine all of us realize that we are facing a serious situation in this field. Foreign industry with its many advantages over our domestic producers, including that of substantially lower labor costs, are not only threatening our export markets but are even competing successfully for our markets here at home. Many of these foreign countries are military allies, and I know their worth is very great from that standpoint. But, in many cases, they are substituting our military assistance for efforts in the defense field which they should be making themselves. By keeping a large part of their industrial capacity devoted to the manufacture of export goods and by minimizing their own defense efforts, they not only endanger our own markets abroad but are beginning to jeopardize our markets here at home.

I am a great believer in free trade and have always supported the principle of "Trade, not aid." I have always voted to extend reciprocal trade agreements. But I insist that we should not subsidize foreign-trade competition with our own industries by grants of military assistance which permit these foreign governments to intensify their efforts in the field of trade at the expense of our own manufacturers and our own labor force.

Many people have held up the bogey of Soviet military and economic assistance programs and have said that we have to meet Communist challenges in this field. I hope that Members will read the remarks of the minority on page 124 of the committee print for a true study of the comparison between ourselves and the Soviets in the field of foreign aid. This shows that, since 1946, Soviet aid has amounted to about 2 percent of American aid from all sources, including private investment. I cannot believe that the Soviets offer a real threat to us in this field as yet.

Now, Mr. Chairman, I want to discuss at more length this question of our gold outflow and our balance-of-trade picture.

Our gold stock has shrunk to the lowest figure since 1946 with a net decrease in 1958 alone of \$2,275,100,000. In the first 3 months of 1959, our gold stock had declined an additional \$96 million over the end of calendar 1958.

According to the June 22 issue of U.S. News & World Report, the U.S. gold stock shrank another \$50 million in the week ending June 10, for a total loss of about \$400 million since the first of the year.

Meanwhile, estimated gold reserves and short-term dollar holdings of foreign countries and international institutions rose over the 1956-58 period from \$31,127 million to \$35,445 million. Gold reserves of the International Monetary Fund increased from \$1,180 million in December of 1957 to \$1,377 million in January of 1959 and the rest of the world's gold reserves from \$11,055 million in December of 1952 to \$17,950 million in December of 1958. Our reserves have fallen from \$23,252 million

in December of 1952 to \$20,486 million in March of 1959.

Our gold reserves are now roughly down to \$20.2 billion of which net claims by other countries against that gold amount to \$12.7 billion, leaving an amount of \$7.6 billion of gold in excess of claims. Now our required gold reserves amount to \$11.9 billion and with only \$7.6 billion of reserves against which there are no claims we face a possible deficit of \$4.3 billion.

The fact is, Mr. Chairman, that the American dollar does not have the standing abroad that it once did, the fact is that gold is leaving our country and the fact is that foreign holders of U.S. dollars seem to want to remove those dollars. I repeat that the American dollar does not have the strength it formerly enjoyed, even in comparison with currencies such as the French franc or the pound sterling. If the rest of the world begins to view the dollar's future in an unfavorable light and a run on the dollar develops, we could be in real trouble.

What does all this have to do with mutual security? Simply this: Unless we want to see the dollar become a soft currency, we have either got to cut spending or increase taxes. We simply cannot go on year after year giving away billions of dollars without getting some real solid assets in return.

To bring the picture up to a more recent date, I am told that between April 1 and June 1, foreign countries converted a quarter billion dollars' worth of their holdings in the United States into gold. This is a much sharper rise in conversion and it appears that during the rest of the year even larger withdrawals of gold may take place. Earlier in the year, various European countries were repaying dollar loans to the International Monetary Fund and to our own loan agencies and since they needed dollars, not gold, our gold loss was relatively small. But, in September, increased subscriptions to the International Monetary Fund are due, and we are to put about \$344 million in gold while other countries put in about \$935 million, and at least part of this will be bought from our own gold stock.

If our interest rates go up, foreigners will perhaps prefer to build up their dollar assets in this country rather than take gold. But it should be recalled that last year, in our dealings with foreigners we ran in the red to the extent of \$3.4 billion, and this year it is likely to be close to \$4 billion. This net loss to us comes very close to being the exact amount of the mutual security program which we are now considering.

This deficit in our balance of payments, of course, represents imports, foreign travel, and investments abroad. It also represents economic and military aid. If we continue to have a large deficit and if the drain on our gold and dollars continues, we may either have to erect new tariff barriers, reduce foreign investments, or cut our foreign aid.

Our export surplus is rapidly disappearing. In the first quarter of 1959, our imports of merchandise jumped to an annual rate of \$14.3 billion, up 14 percent from 1958, while our exports

dropped to an annual rate of \$15.4 billion, down 6.5 percent from 1958. Our surplus trade balance then was down to only \$1.1 billion, down \$3.5 billion from 1958 and down \$6.5 billion from 1957.

Our trade in manufactured goods is facing stiff competition from abroad. During this first quarter, auto imports went to 150,000 cars, up 50 percent from 1958. Our imports of machinery increased, while our machinery exports decreased. Other increases of imports were in watches, toys, photographic equipment, and scientific instruments while our exports of aircraft and railway transportation equipment were down.

At this point, Mr. Chairman, I wish to include in my remarks, some information from the June 22 issue of U.S. News & World Report regarding the imports of foreign cars into the United States. Imports for April were up 63 percent over the year-earlier level and for the first 4 months of 1959 the overall gain was 58 percent. While foreign-made automobiles are coming in from France, West Germany, Great Britain, Italy, the Netherlands, Sweden, and Japan, foreign trucks and buses are also increasing to a percent annual level of more than 30,000. It appears now as if passenger-car shipments into the United States from foreign countries will substantially exceed the 600,000 mark. And while these imports continue, our automobile manufacturers are losing foreign markets to the extent that exports of American automobiles are now only one-fifth of imports of foreign cars into this country. Our car exports during the first 4 months of 1959 were off 17 percent from the 1958 level and 1958, in turn, was off 15 percent from 1957.

While our stock of gold keeps shrinking, foreign holdings of gold and dollars are rising and, by the end of February 1959, were up to the record total of \$36.1 billion. This total increased \$4.1 billion last year, of which \$3.4 billion was caused by our balance of payments deficit.

I am aware, Mr. Chairman, that the cutting of military foreign aid might mean that many country would be unable or unwilling to buy the kind of defense we want them to have. I am also aware that, where foreign aid is in the form of gift of goods, it does not involve a payment of dollars by this country. However, those countries would decide to pay us for goods they have been getting for free, and which I believe many of them are now able to do thanks to their accumulations of gold and dollars, it would be of substantial assistance to our own balance of payments.

In conclusion, Mr. Chairman, I think the time has come for a realistic reappraisal of the entire foreign aid program. I think that most of the Members will admit that the program has achieved notable successes in the past. But I think that every Member should ask himself this question: Can we continue this program at present levels without jeopardizing our currency and without seriously endangering our trade picture throughout the world. We want to help other nations and other peoples

and that, of course, is a commendable attitude. But I do not believe that the Congress wants to harm the vital interest of our country by doing so. I hope the House will send H.R. 7500 back to our committee for a further study of this program in the light of the facts which I and others have set forth.

Mr. Chairman, I would like to say that those of us on the minority not only appreciate the attitude of the chairman of the committee, but also the attitude of our leader, the gentleman from Illinois [Mr. CHIPERFIELD] on the Republican side of the committee and the very fair way in which he has presented us the opportunity to explain to you, the Members of the Committee, why although we do believe, as we said, assuredly in the mutual security principle and its concept, we do not think that the legislation before us, H.R. 7500 is the vehicle by which this can best be accomplished.

Mr. Chairman, we have heard some very touching and eloquent pleas this afternoon for mutual security. We have heard very, very little, however, about what is actually in H.R. 7500, a piece of legislation which you will be called upon to vote on perhaps sometime tomorrow.

I would like to remind Members of the Committee first of all that if they pass H.R. 7500 in the form in which it was reported out by the Committee on Foreign Affairs they are, in effect, voting for a permanent program of foreign aid of one type or another.

In the statement of policy, section 2 of the bill, on page 2 of the committee print, you will find language which, if it is adopted by the House of Representatives will, in effect, place this body on record as desirous of a permanent foreign aid program for other people of the world. Maybe you want to do that, maybe you believe that foreign aid should be a permanent part of our foreign policy and not a temporary measure. But I think it is essential that members of the committee realize full well what they are voting for when they adopt some of this language that the committee wrote into the bill.

In the second place, I remind members of the Committee of the Whole that they are not voting just for the 20-odd pages that are contained in this committee print, H.R. 7500, but they are voting for a continuation of the Mutual Security Act of 1954 which, if it were printed in the form of this bill here would number, not 20 pages, but probably some 300 pages.

Now, I will say to you there is not one Member of the Committee here today or any member of the Committee on Foreign Affairs who has any idea of the provisions, clauses, paragraphs, sections, and so forth contained in the 300 pages of the Mutual Security Act of 1954. But that is exactly what you are voting on, if you adopt H.R. 7500. That is why many of us think, Mr. Chairman, that the time is overdue for a review and a reappraisal and a reevaluation of this entire program. And we believe this year of 1959 is as good a time to start it as any.

Now let us look at some of the things that give those of us on the minority real cause, I think, for concern with respect to this program. We have heard it said that the reason we have to continue grant military aid to a great many countries, for example, is because those countries cannot afford to purchase that military assistance for themselves. I call your attention to a map on page 9 of the committee print which shows you the countries of the world under which it is proposed to extend grant military assistance for the fiscal year 1960 in the amount of—after the committee's will was worked—of \$1,440 million. I also call your attention to the fact that many of those countries, particularly in Western Europe have increased their holdings of gold and their holdings of dollars to an alltime high. As a matter of fact, the total holdings of gold and dollars today by foreign governments exceed the sum of \$36 billion. I am not going to take the time during the few moments that I have, Mr. Chairman, to go into this item by item, but under leave which I have previously received to revise and extend my remarks, Members will be able to see, if they read the Record tomorrow, how much gold and how many dollars some of those countries have that still say they cannot afford military assistance and, therefore, we have to give it to them.

I would also like to call the Committee's attention to an article which just came out in yesterday's issue of the U.S. News & World Report of June 22, which I am including in its entirety under leave to include extraneous material. According to this, the United States spends nearly 10½ percent of its gross national product on the cost of our defense—more than any other ally that we have in Western Europe—far more. Do you know why those governments say they are not able or claim they are unable to increase their defense budgets and to carry the burden that we are asking our taxpayers to carry? It is because for the most part, they engage in programs which help their own people, and I refer to the so-called welfare program expenses, old age pensions, medical care and public health services, allowances made to families with children, public assistance and relief payments. Look at some of these figures that you will find in this article and which will be included with my remarks.

Of a total gross national product France spends 15 percent on welfare for French citizens and only 6.8 percent on defense.

West Germany spends 15 percent of its gross national product on welfare programs and only 3.4 percent of its gross national product on defense.

Belgium spends 13 percent for welfare and 3.4 percent for defense and so on and so on and so on.

While the United States is spending, as I said, 10½ percent of its gross national product on defense, it only spends less than half of that or 5 percent on welfare programs primarily designed to help its own people.

Now I ask, Mr. Chairman, does it make sense when these countries, having de-

veloped these favorable balances of trade and having built up their stocks of gold and their stocks of dollar currency, turn around and tell us they are unable to afford to buy these items for their own defense and that they must have grant programs of military assistance from us, when in turn they are able to spend nearly twice and three times the amount of their gross national product on programs designed for the benefit and welfare of their own people as the amount which they spend on defense, and we, in turn, have to furnish defense items to them and spend less than half of what we spend out of our gross national product on programs, as I say, designed for the benefit of our own people, as we do for defense.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield.

Mr. O'KONSKI. Has anything been done in your committee about the more than \$15 billion that the rich people of these countries that we are helping under this program have stashed away in banks in the United States of America? Has anything been done to pry that money loose and get it back to their own countries and put it to work over there instead of using our money?

Mr. BENTLEY. I will say to the gentleman that the figure of \$15 billion of foreign holdings—I presume in dollars—in our country has not come up before. I believe this is the first time the figure has ever arisen. It certainly was never brought up during debate on this bill in the committee; so I can obviously say that no such attempt has been made to get this money and put it back in their own countries.

Mr. CURTIS of Massachusetts. Mr. Chairman, will the gentleman yield further?

Mr. BENTLEY. I yield.

Mr. CURTIS of Massachusetts. I would like to refer to the gentleman's mention of the law requiring some 300 pages for printing.

Mr. BENTLEY. Yes. And I ask the chairman of the committee if my statement is not correct. The Mutual Security Act of 1954 as it came to us furnished in a print from the Senate Foreign Relations Committee was this size, as you see, in very small print, covering 60 pages. I was just making a transposition of that to the larger bill type and format with which we are accustomed, and if printed that way it would cover at least 300 pages, if not more.

Mr. CURTIS of Massachusetts. May I point out to the gentleman that the whole bill is printed in the committee report, on pages 65–112, under the Ramseyer rule.

Mr. MORGAN. The whole bill is printed from page 65 on to page 112 under the Ramseyer rule with the additions. But I think the gentleman from Michigan [Mr. BENTLEY] is talking about the bill in another form which would take a great many more pages. As printed to conform to the Ramseyer rule the type is very small.

Mr. BENTLEY. If printed in regular type and in the ordinary way, it would cover 300 pages.

Mr. MORGAN. The gentleman is correct.

Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. HARDY].

Mr. CHIPERFIELD. Mr. Chairman, I yield an additional 5 minutes to the gentleman from Virginia [Mr. HARDY].

The CHAIRMAN. The gentleman from Virginia is recognized for 10 minutes.

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

Mr. HARDY. Mr. Chairman, I want to express my appreciation to the gentleman from Pennsylvania [Mr. MORGAN] and the gentleman from Illinois [Mr. CHIPERFIELD] for their consideration and courtesy.

Mr. Chairman, it is a matter of record that I have been a consistent supporter of the mutual security program from the first days of the Marshall plan. I have always regarded the objectives of our foreign aid operations as of major significance.

It is also a matter of record that I have, in recent years, become increasingly critical of the way this program is administered. My often outspoken concern has grown out of a deep desire that this program be successful. It has been my purpose to be a constructive critic. It has been my intent to improve and strengthen. It has been my hope that by focusing the attention of the administration on its major weaknesses they would be eliminated.

The observations I have made about this program and its administration are based upon several years of close scrutiny of day-to-day operations. It has been my duty as chairman of a subcommittee of the Government Operations Committee to make extensive inquiries, to examine many agency documents and hear testimony from numerous witnesses in the executive branch. In this way members of my subcommittee have developed for the Congress a mass of factual information which in the ordinary course of events we never learn about. These facts have been the basis for criticisms which we have tried to make with restraint and always with constructive purposes.

Repeatedly, instances of administrative deficiencies have been pointed out to agency officials, but in spite of this, little real improvement has been made. Dangerous faults in the administration of the mutual security program remain essentially unchanged.

This lack of response was the basis for one of the conclusions of the Foreign Operations and Monetary Affairs Subcommittee in our recent report on U.S. aid operations in Laos, where we called attention to the general failure of the executive branch to take remedial action based upon factually supported criticisms.

I received in my mail this morning a document, prepared by the Department of State and the ICA, which is the best illustration I have seen of the truth of this conclusion.

This document, which I assume all of you also received in your mail, purports to reply to the findings and conclusions of our subcommittee.

The document does not seriously dispute the truth of the material facts the subcommittee found. It seeks, however, to avoid the consequences of the conclusions, by ignoring these facts, and purporting to justify maladministration of the program on the basis of its lofty objectives.

In my opinion, ICA and State would be well advised to heed criticisms made by friends of the foreign aid program and to take corrective action instead of springing instantly to the defense of every malefactor and to the attempted justification of every administrative error.

The mutual security program as it is currently conducted is almost completely beyond the reach of real congressional control. Each year we go through the motions, as we are doing now, of passing judgment upon its operations and of determining the direction it will take. Yet our annual review of this program is little more than empty ritual. It has become so because the executive branch, where this program is concerned, has been permitted to ignore the powers and responsibilities of the legislative branch.

As I review the history of the foreign aid program, this has come about by an acceptance of the emergency provisions in the Mutual Security Act as necessary for routine operations. Momentary lapses from virtue, following the waiving of normal checks and balances, seem to have become habitual; and the whole program has become wrapped in an annual shroud of secrecy, complexity, confusion, and contradiction.

Repeatedly the Congress has been told by the executive branch that many of the expenditures to be made under this legislation cannot be planned in advance, and that, for this reason, the President must have wide powers of discretion in the manner mutual security funds are to be spent.

In the beginning, this argument made sense. Foreign aid was a new field. No one could be sure just what problems would be encountered or just how they could be solved. Clearly, it was necessary to develop some background of experience before setting up precise limits in the law. So we in the Congress responded to the plea for "flexibility" and delegated some of our normal powers to the President. We took this unusual step to deal with an unusual and presumably temporary situation.

The foreign aid program has been in continuous operation now for nearly 12 years. It has behind it the experience of spending more than \$65 billion. The problems with which it deals and the solutions reached have become familiar. The unique and the novel have largely disappeared and a pattern of action, repeated year after year in country after country, has long since emerged.

Yet the extraordinary powers which the Congress gave the President have never been recaptured, although the reason for granting them in the first place no longer exists.

Congressional control is systematically frustrated by the very nature of the mutual security program presentation

which the executive branch makes to the Congress.

The basic information this year is contained in 7 volumes of printed material with upwards of a thousand pages of graphs, charts, and narrative, and I am told that there is another volume on its way. As an exhibit of complex book-keeping it is impressive; but as a document upon which to make an intelligent evaluation of the mutual security program it is hopeless.

Every fact and every figure in it has been carefully tailored to justify the sums being sought. It seems clear to me that the basis on which the congressional presentation is prepared is not objectivity, but plausibility; that its chief purpose is to make a case for the budget request, and that it presents only those things which will tend to assure that the Congress will vote the funds requested. Instead of joining with the Congress in the common governmental task of finding the wisest solution to the grave problems which confront America, the executive branch sets its course, and its sole objective seems to be to get perfunctory approval by the Congress of what it asks.

In my view this whole approach is wrong. We have responsibilities for exercising judgment just as the executive does. We ought to form our judgments independently, but we cannot do this unless we require the agencies to give us full and complete factual information. It is our duty to inquire into every aspect of foreign aid. It is our duty to require that not some, but all of the relevant facts about its operation be made known to us. It is our duty to discover its weaknesses and to insist that they be corrected.

When we are dealing with domestic problems there is less danger that we will make our decisions on the basis of a one-sided picture. We know, and the administration also knows, that on any important issue the Congress can call upon knowledgeable people outside the Government and obtain facts. We have innumerable sources of information available to us on such questions. Sometimes they are our immediate constituents; sometimes they are interest groups, and always there is the American press.

But these facilities are neither so available nor so dependable when it comes to the operation of our foreign aid program. The barriers of distance, geography, language, and culture intervene and interfere.

The very heart of our difficulties is reached when we consider the fact that we are given no real choice of action. We are not asked to review alternative courses of action which might reasonably further the broad objectives of this program. We are not advised what alternatives have been considered within the executive branch—indeed, there is no indication in the annual presentation that any alternatives have been considered, other than the plan which is presented to us each year. This, we are told, is the plan of salvation; unless the administration's plan is adopted by the Congress, and the budget request en-

dorsed in the full amount, catastrophe lies immediately ahead.

What kind of choice does this present? Under the circumstances we are not deciding anything. We are simply voting "Yes" or "No" on the financing of decisions already made by the executive branch.

I want to commend the Foreign Affairs Committee for the revised language of section 537f as contained on page 18 of the bill. It is designed to require the executive branch to supply Congress with full and detailed explanations as to how the level of aid, dollar amounts, have been determined for each country where we have defense support and special assistance programs. In my opinion these are the categories of aid which have been most subject to abuse. I think the new language constitutes a long step toward informing the Congress how the administrative agencies have arrived at important decisions in this field, and what alternatives they have considered.

I note also that the committee bill contains a new provision which would establish an Inspector General under an Under Secretary of State. While I applaud the purposes of this provision I cannot help but feel that the present fault lies more with personnel than with administrative structure. Indeed there is little the Congress can do to compensate for administrative ineptness. Every study which my subcommittee has made of the performance of this agency has shown similar or identical administrative shortcomings.

If we can assure for the Congress full and complete information which will enable us to continue to pinpoint weaknesses in the administration perhaps we may be able yet to see the foreign aid program administered with a creditable type of performance.

The full information which we need has been extremely difficult to secure from the administration. It is because of this, and to correct it, that I shall propose another amendment. It will require as a prerequisite to the availability of any funds authorized under the Mutual Security Act, that there be assurance to the Congress that information which it requests will be forthcoming. I shall discuss this in some detail under the 5 minute rule and I believe that the Members will find it worthy of support.

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and sixteen Members are present, a quorum.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. FARBSTAIN].

Mr. FARBSTAIN. Mr. Chairman, there has been discussed the need for foreign aid; the necessity of assisting the underdeveloped nations of the world to create the desire to remain free from Communist dictatorship. I believe that this situation is pretty well understood

by the citizenry of this great country. Without this understanding and approval, obviously, the mutual security moneys that have been expended and loaned to this date would have long since been discontinued and would have long since ceased. The actions of our country for the strengthening of the free world, the rehabilitation of war-ravaged areas, and the economic expansion of the newer emerging nations should be supported not only because foreign nations need our help, not only because we can afford it, but, specifically, because aid expenditures also help our own economy.

I base my support for the request of \$3,642,600,000 on the fact that the various challenges facing us in world affairs should be met realistically and also because in the very process of meeting these challenges overseas, we are actually helping ourselves at home.

The two great challenges which we have to meet currently in this world concern the threat of the Sino-Soviet drive for world domination, and the revolution of rising expectations in the newly emerging nations of Asia and Africa. Our vital interests are deeply affected by these two external challenges. In the first instance, our own survival, or I should say national security, is deeply involved by the Sino-Soviet threat; and, in the second instance, it is the maintenance of economic conditions abroad which will permit the growth of viable independent nations. I say these two challenges are interconnected because Soviet Russia is using every possible means today to subvert foreign nations and, at the same time, to win influence and control over the newer states.

To maintain parity with Soviet military preparedness in 1945 the United States devoted 38.1 percent of its gross national product to defense; by the time the Korean war had broken out this expenditure had sunk to 13.8 percent; in 1956 it was 9.8 percent and currently it is 10.4 percent. On a \$72 billion budget, we are devoting \$42 billion to our national security. In addition to this, we are expending another \$2 billion to provide military support for our allies. During fiscal year 1959 the President requested \$2.26 billion for foreign military aid and for fiscal year 1960, \$2.43 billion.

Just what does this extra expenditure mean to our national security? As Mr. Christian Herter, our new Secretary of State, pointed out so forcibly on March 16, 1959, our friends in the free world are giving ground forces support totaling 5 million men; foreign nations man an air force of about 30,000 aircraft, of which nearly 14,000 are jets. Our overseas friends, as a result of our military assistance program, have made available for our use some 250 bases in strategic locations—bases which are indispensable for the full effectiveness of our deterrent powers. Since 1950 these allies of ours have contributed some \$140 billion to the defense effort, to which we have added another \$22 billion for arms, equipment, advanced weapons, and training programs. Can anyone actually assess the contribution that will

be rendered by these armed forces, by these military aircraft, and by these bases overseas in the event of an all-out shooting war?

As part of our overall military assistance, I do not wish to forget the aid which we extend under defense support or the capability we render foreign nations to supply the basic hardware for their own national armies. In line with this aid, we have enabled the industrialized Western European nations to manufacture most of their guns and planes needed in a future war.

The second great challenge, which I mentioned initially, concerns the maintenance of conditions in the newly emergent nations by which they will be able to accelerate their growth as viable independent nations. We all know how Russia is making intensive efforts to create its economic and trade representation in newer countries like the Sudan, Ghana, and the various independent countries on the subcontinent of Asia.

In this fiscal year 1960 the President is requesting a total of approximately \$1½ billion under economic aid as development assistance, technical cooperation, contingency funds, and various transferable special assistance funds, wherever the need might arise. It is this economic aid which will be of great assistance in fostering the growth of the lesser developed nations into dependent partners in the comity of nations.

Even as in the case of the military challenge, this economic challenge will not evaporate into thin air. This is a problem that will be with us for many years. Luckily our businessmen have already sensed the overwhelming need for development of most underdeveloped areas. Our oversea investments guarantee programs for increasing trade with these lesser developed nations.

I am heartily in favor of extending the scope of our loan development program since this fund creates in foreign nations a responsibility of repayment. This responsibility even over a long period of years saves face; as it were, so that even the poorest nation may feel that it is not accepting gifts from a strong member.

The United States does not believe in dictating to foreign nations as to the economic policies to be followed by them. Our economic development loans are granted on a basis of need; however, this need has to be proved to be of interest to the nation, and not merely because a nation might wish to request such aid without an adequate end-use justification. Only in this fashion can these long-term loans provide the programs with the basic undergirding that is so necessary amongst the newer nations.

I approve the setting up of projects which will raise the standard of living, give increased food and products to people who have never been able to afford them, create better health conditions, supply schooling where needed, and in general create a climate whereby underdeveloped nations can keep their self-respect while at the same time participating in the benefits which our industrial Nation can make available to them.

The strange thing in this latter instance is the willingness of so many nations to ask for U.S. aid in preference to assistance offered so freely by the Communist bloc. I think the lesson has been learned that Uncle Sam has no ulterior motive in extending loans as would be the extension of such loans by the Soviet bloc. Our intention has always been that whenever a project has proved successful, and after domestic experts have been trained, the United States will automatically withdraw, whereas Russian motives in extending aid are often suspect because the offer of assistance might lead to a request for added Soviet participation in the economy of a country.

We have met these two challenges posed to us by the Sino-Soviet bloc and the underdeveloped areas head on, and I am assured that we are on the right track with the free world as our allies and friends.

I come now to the problem of what our aid programs have meant to our domestic economy. I base my support of our foreign aid program on the fact that there are some very powerful benefits which have flowed to our economy from the operation of our very extensive aid programs and I shall prove that foreign aid has been of great benefit to our domestic economy and will continue to be so in the future.

As noted before, our foreign aid program has the dual purpose of promoting our national security by means of offsetting Sino-Soviet pressure and assisting the emergent countries. In the process of achieving these two foreign policy objectives, it is natural that we consider also our own national welfare and safeguard our own standard of living. However, as a prerequisite of stating my opinions as to the effects of our aid program on our domestic economy, I must immediately state my own reservation, namely that I think our mutual security program was not conceived and cannot be considered a tool to solve domestic economic problems such as unemployment or excessive competition from foreign areas. At the same time, I wish to state that I think that the import and export problems of certain of our domestic industries belong to those industries themselves and that the foreign aid program should not be held responsible for the cause of these trade problems nor that our aid program should be used as an instrument in dissolving these problems.

In general, however, it can also be said that if one looks on our economy as a whole that the cost of our foreign economic aid programs has been relatively minor. From 1947 through 1955 it has been estimated that only 1.7 percent of our gross national product was devoted to foreign aid. In 1956 this share actually dropped to 1.2 percent. It can be said, therefore, that approximately 1.5 percent of our gross national product has been involved in foreign aid which is scarcely a claim that can be substantiated that foreign aid was a significant stimulus to domestic employment, prices, or consumption as a whole. It is significant, however, that in our total laboring

force in 1956 approximately 600,000 people were engaged on a full-time basis in the production of goods for our foreign aid program.

In 1957 the average share of our gross national product devoted to foreign aid sank to 1.1 percent and in 1958 this percentage sank to approximately 0.75 percent. It has been reliably estimated that during the 1959 fiscal year an even smaller percentage of our projected gross national product will be devoted to our total economic aid on behalf of foreign countries.

The direct and indirect employment created in 1957 by the foreign aid expenditures during 1957 has been estimated at 530,000 people by the National Planning Association. They projected this estimate for fiscal year 1958 and have stated that approximately 500,000 people are currently engaged in producing goods and services generated by the mutual security program.

It is significant that during the period April 1948 through June 30, 1958, from a total expenditure of \$35 billion in foreign aid funds, 73.6 percent was spent in the United States for local materials to be shipped overseas. In fiscal year 1958 such expenditures totaled \$2.8 billion and 75.4 percent was procured in the United States. If one considers economic aid alone, expenditures since the initiation of the Marshall plan in 1948 total \$7.8 billion, of which 68.1 percent was spent for materials produced in the United States. In fiscal year 1958 such expenditure amounted to \$1 billion, of which total 51.7 percent was procured in the United States of America.

During the first 5 years of our economic aid program, our own economy was enriched by the expenditures for food, fuel, and fertilizer needed desperately by industrial Europe. After the recovery of Europe, such procurement was not necessary any longer and as our economic aid shifted to the less-developed countries of Asia, Africa, and Latin America, somehow our procurement policies also began to change simply because these lesser developed countries have not been as accustomed to American goods as the industrialized European countries. Stemming from this difficulty of supply in these newer trade areas, and possible lack of interest by American producers, has come the request that only U.S. suppliers should be considered under our foreign aid program. This will be extremely difficult to do because many of the trading habits of these underdeveloped countries have been conditioned by procurement from Europe or other Far Eastern countries. At the moment, whenever foreign assistance funds are to be disbursed by foreign recipients, strenuous efforts are made by ICA to advise foreign countries of possible U.S. suppliers of writing specifications with possible U.S. suppliers in mind and finally, by publicizing procurement offers from foreign nations.

One telling argument for freedom of choice to purchase goods elsewhere in the world has been the fact that under the Soviet foreign aid loan program definite requirements were set that only the Soviet bloc countries could supply the industrial goods or machinery to be used

by the recipient countries. This is in direct opposition to the philosophy of free trade under the U.S. free competitive system. Our action of allowing free purchase anywhere has received the approbation of many of the free world countries because it has proved to them that U.S. aid has not had any economic strings attached. The same applies to military procurement for items traditionally supplied by an industrialized Europe.

An argument can also be made for allowing foreign recipients of aid to spend their cash allocation in other areas because their supplier countries have been able to build up their gold and dollar reserves. It is axiomatic to say that where foreign countries have built up strong reserves they have traditionally resorted to increased trading with the United States. The accumulation of reserves has in many instances resulted in the relaxation of trade restrictions and discriminatory practices. This is particularly true in the case of Great Britain who within this last week has significantly reduced a large number of its quotas on U.S. exports.

Of great significance is the relationship which the foreign aid program has exerted on our domestic economy when considering the consequences of the economic development which our aid program has fostered in other countries. In other words, opponents of the aid program have stated that by building up productive capacity of foreign countries we are creating industries which are directly competitive with those in the United States of America. Consequently, by exporting economic assistance, we are contributing directly to the importation of domestic unemployment.

This argument, namely, the building up of foreign competitive productive capacity, has been adequately disproved by the ICA in a special study conducted of all ICA-dollar financed projects. The purpose was to ascertain the competitive impact of such foreign projects on the United States of America and whether the money spent by the ICA was used to build up certain industries which might compete effectively with similar industries in the United States of America. During fiscal year 1958 the ICA allotted money to 1,673 foreign projects. Total obligations were \$477,800,000 of funds expended.

Projects which were designed to increase production of goods which might compete with U.S. production were as follows: Agriculture and natural resources, 7; industry and mining, 58. These 65 projects involved \$15 million, or 3.2 percent of total funds expended. These projects produced commodities which were also produced in the United States of America and which, under certain conditions, might compete with U.S. industry and agriculture.

Other projects which were designed to increase production, but which might include elements which could conceivably compete with U.S. products were as follows: Agriculture and natural resources, 72; industry and mining, 100. These 172 projects involved a total obligation of \$23,700,000, or 4.9 percent of total funds

expended. Some of the production of this latter category might conceivably, under certain conditions, compete with U.S. production.

The remaining noncompetitive projects or 1,436, involving a total obligation of \$438,900,000 or 91.9 percent of total funds expended were noncompetitive projects whose product could not compete with U.S. output.

Even those projects which were described as designed to increase production of goods which could conceivably compete with U.S. output could not be characterized as definitely competitive since it did not mean that their product would necessarily compete as these goods were needed locally. In general, these foreign competitive projects concerned rice production, fertilizer projects, development of coal mines and other programs which would substantially reduce the requirements of U.S. aid for their products.

Opponents of foreign aid claim that our aid programs have destroyed certain markets which the United States of America enjoyed in certain foreign regions. In reality, by assisting the economic development of underdeveloped countries our foreign aid program has increased the market-creating effect inherent in the economic growth of other areas. The question that comes to my mind is whether we should allow the Soviet bloc to assist in developing industries in emerging nations or whether we should assist those countries and thereby forestall the development of institutions inimical to the long-run interests of our own country and that of the recipients of our foreign aid.

It is a statistical fact that wherever the per capita income has risen there is a tendency for all kinds of imports to rise also—specifically the imports of manufactured goods. It could be stated that our trade with the industrialized Western European nations is many times as high as our trade with the lesser developed areas of the world. In other words, the more we can assist underdeveloped nations to increase their income, the more will our trade expand with those areas. It is significant to note how after we have helped to rehabilitate Europe and our ICA expenditures had been decreased our foreign trade with Europe has continued on a very high level. In 1949 our aid expenditures in Western Europe totaled \$4.243 billions versus our trade of \$3.987 billions. In 1954 our aid totaled \$841 millions as compared with our trade of \$3.4 billions and in 1958 our aid figures totaled \$88 millions as compared with our trade totals of \$4.463 billions. Naturally the underdeveloped areas of the Far East—Africa and Latin America—cannot be compared with an industrialized Europe, but the tradition of aid expenditures as compared with trade will bear me out that economic expansion of these countries will create additional trade for the United States of America.

Loans for the economic development will show that the expenditure of our governmental funds will create a climate for a much larger investment by private investors. The disbursement of our loan

development funds will assist in the procurement of raw materials by the United States and create additional markets for U.S. exports. Above all, the expenditure of funds for the projects such as transportation, health, power, communications, water development, education, and public administration will create an attractive environment for investment by private capital from the United States of America. In this way our foreign aid expenditures for economic development will certainly assist our domestic investors.

Apart from private investors our foreign aid program is assisting small business in the United States of America. ICA publishes detailed information as to purchases proposed under the ICA and the Development Loan Fund. In this way many of our 13,000 small U.S. firms receive contracts. In fact, the National Planning Association has estimated that employment generated in small business by the foreign aid program in 1957 totaled nearly half of total domestic employment generated by the foreign aid program.

The same procedure holds true in U.S. shipping which has been helped by the 50 percent rule. During the past 10 years 57 percent of the 106 million tons of foreign aid cargo shipped from the United States was moved by U.S. flag operators. The same holds true for our banking facilities which are primarily responsible for disbursing aid dollars through our private procurement channels. Since the inception of the aid program under the Marshall plan a minimum of \$11 billions have been channeled through our domestic banking facilities by the ICA.

I wish to draw attention also to certain segments of our domestic economy, namely agriculture and industry, which have derived very specific benefits from the aid program. Insofar as agricultural commodities are concerned, our mutual security program exports as a percent of total agricultural exports were 10.3 percent in 1954; 16.1 percent in 1955; 11.4 percent in 1956; 8.5 percent in 1957 and 5 percent in 1958. The export of American farm products under the mutual security program, which includes also the Public Law 480 disposal of surplus farm products, has had a significant long-run benefit for U.S. agriculture. Our exports of dairy products, cotton, fats and oils, bread grains, and coarse grains have expanded significantly under our foreign aid programs—much more so than would have been the rate of export under general commercial exports. The continued prosperity of our American agriculture is due in large measure to the percentage of U.S. exports as percentage of U.S. production. During the period of fiscal year 1954 through 1958, U.S. exports of rice were 42 percent of production; cotton, 33 percent; wheat and wheat flour, 35 percent; tallow, 41 percent; nonfat dry milk, 33 percent; dry whole milk, 41 percent; lard, 20 percent; and soya beans, 18 percent. A significant percentage of these exports was due to foreign aid expenditures.

A similar position obtains in the exports of industry and mining products purchased as ICA-financed commodities. When compared to total manufacturers' sales, offshore procurement of machinery, iron and steel mill products and fabrications, petroleum products, nonferrous metals, motor vehicles, pulp and paper, lumber and bituminous coal, all comprise less than one-half of 1 percent on the offshore procurement. In other words our industrial and mining products destined for overseas aid were bought mostly in the United States with resulting benefits accruing to our producers and workingmen.

Mr. Chairman, I have gone into some detail to state my support of our military aid, our assistance to newly emergent nations, and in enumerating the benefits accruing to our Nation from the expenditures of foreign aid funds. I am convinced that our military aid expenditures cannot be cut down further in this period of military pressure by the U.S.S.R.; I am also convinced that we will have to increase our economic assistance to newly emergent nations—increase our Development Loan Fund substantially; and finally, I am convinced that the continuation of foreign aid expenditures are not deleterious to our domestic economy.

Our foreign trade has increased wherever nations have had a substantial rise in their per capita income. Our assistance in foreign development projects has been of such a nature that competitive industries have not been built up to harm our domestic industries. We have enabled many foreign suppliers to build up substantial reserves, which has resulted in increased trade and the lessening of trade restrictions. A substantial section of our working force is engaged in foreign aid supply and in imports and exports. Agriculture has not suffered because of our foreign aid assistance or by competition offered by foreign countries. Our domestic industry has not suffered because of directly competitive products.

In considering our foreign aid program as a whole, I can say that our economy can stand the drain of 1 percent of our gross national product for assisting the free world in becoming a better place. Mr. Chairman, I wish to reiterate that I give my full support to this program of foreign aid.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. MURPHY].

Mr. MURPHY. Mr. Chairman, no legislation coming before the House requires more careful consideration and scrutiny than the mutual security bill. There are several reasons for this. It involves large sums of money; it affects, directly and indirectly, our foreign relations in every area of the world, and it supports a program that is the most difficult to measure in terms of accomplishments.

The Committee on Foreign Affairs has held 11 weeks of hearings and has heard 90 witnesses on this legislation. The bill authorizes \$3,642,600,000 for fiscal year 1960 which is \$266,800,000 less than the administration's request.

The challenge that we face is to devise ways of helping countries in the free world achieve greater progress without sacrificing their freedom. The Communists pose that challenge. They are seeking to persuade the peoples of the less developed countries that communism offers the solution to their problems.

About 1 billion people of the free world now live in less developed countries—in Asia, Africa, and much of Latin America. The people of these nations differ in race, religion, and culture, but poverty is common to all of them.

These people are no longer resigned to their age-old poverty. They are not content with political freedom alone. There is a strong and growing demand by these people for rapid economic growth which is a force of immense importance in the world today. If the people of these nations cannot realize a reasonable rate of economic progress under their present moderate governments, there is real danger that their determination to succeed will lead them to adopt radical solutions which would prove harmful to their own best interests and to those of the United States and other free nations. The peoples of these areas are determined not only to govern their own destinies and to achieve dignity and self-respect, but also to improve their standard of living, their health, and their education.

It is to the interest of the United States to help them achieve these objectives. In view of the needs and objectives of the less developed countries, and the importance of these nations to the United States, the Development Loan Fund was established 2 years ago to help the peoples of newly developed nations in their efforts to improve their economies.

The Development Loan Fund was established for a particular, specialized purpose: The provision of capital for productive economic growth. With the exception of the technical cooperation program, the other elements of the mutual security program are not designed to promote economic development. They provide instead the military strength required to offset the Communist threat, and they help to maintain political and economic stability from year to year. These are both essential prerequisites to development itself, but their usefulness and purpose would be largely lost in the absence of adequate provision for forward movement in the development process. For this reason, an adequate Development Loan Fund can be considered the keystone of the arch in our mutual security program.

The operating methods of the Development Loan Fund are designed to promote efficient, long-term, economic growth. Its financing is exclusively in the form of loans or other types of credit; it does not make grants. Loans are made only for specific projects and there is a separate loan agreement on each project tailored to the specific situation. Repayments on the loans can be made either in dollars or in foreign currencies.

The executive branch requested an authorization of \$700 million for fiscal

year 1960. The committee, after a thorough consideration of the needs and the economic objective of our aid, authorized \$800 million for the coming year. The need for additional funds over and above those requested by the executive branch is highlighted by the fact that the fund has earmarked all of its available funds, excluding the very recent supplemental appropriation. Even so, the Fund as of April 30, 1959, has more than \$1.4 billion of loan proposals under consideration after having approved \$698 million in loans. New proposals can be expected to continue to arrive at a rapid rate.

Full support for the authorization of funds for the Fund is required. Any cut in them would not be a true savings; it could only postpone the economic growth we are seeking and perpetuate the requirement for U.S. assistance. More importantly, it would diminish the chances for the survival of moderate non-Communist governments in the less developed areas.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. DIGGS].

(Mr. DIGGS asked and was given permission to revise and extend his remarks.)

[Mr. DIGGS addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. WALTER].

Mr. CHIPERFIELD. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. WALTER. Mr. Chairman, as one who for the past 12 years have been closely associated with all legislation dealing with immigration and with many international activities in the field of migration, I wish to express my appreciation to the Committee on Foreign Affairs for including in this bill section 205(a)(3) providing for the use of foreign currencies accruing to the United States in any Latin American country for the purpose of making loans for agricultural settlements designed to offer farming opportunities for immigrants.

As this House will undoubtedly recall, this is not the first attempt to provide assistance to some of our Latin American neighbors in developing agricultural settlements for European immigrants. Not on grant, but on loan basis, I may add.

Why is such action desirable? Just about 2 years ago, on July 15, 1957, speaking from the same place, I endeavored to convey to the House my considered opinion that the era of mass immigration into the United States is a matter of the past.

I stressed at that time, and I wish to repeat it now, that the fast increase of our own population and the overconcentration of our native and immigrant population in large cities and industrial centers, coupled with diminishing demand for manpower by our highly mechanized agriculture, makes it imperative for this country to carefully regulate our annual intake of immigrants, while at the same time exerting every effort to direct European immigrants to rural areas

in the countries where the increase of agricultural production has become a vital, most urgent necessity.

The organization which we created in 1951, the Intergovernmental Committee for European Migration, has recently accelerated its activities in the field of movement of European manpower to countries desiring to increase their agricultural productivity. ICEM's able specialists have worked very hard at the preparation of realistic, workable plans, approved by the interested governments, which, if implemented, would open up hitherto unproductive lands for the settlement of farming families for whom there is practically no demand in countries other than those which are now striving to reach the production levels of the more developed lands.

The Congress of the United States has already recognized the need for financial assistance, on loan basis, in the development of rural settlement programs in Latin America. In 1956 the Congress agreed to authorize the expenditure of \$15 million for the purpose of promoting economic development in Latin America, specifying that part of that sum should be allocated for "land-settlement programs which will contribute to the resettlement of foreign and native migrants in Latin America serving the advancement of the economic development and the agricultural and industrial productivity in that area." This amendment to the 1954 Mutual Security Act was welcomed with unanimous applause both in Europe and in Latin America.

Unfortunately, bureaucratic delays have resulted in the allocation of less than \$2 million for the purpose stated in the Smathers-Walter amendment. That amendment, however, still remains on the statute books as clause (C) of subsection (b) of section 400 of the Mutual Security Act of 1954, as amended, referred to on page 8, line 5, of H.R. 7500, the bill under consideration.

No funds were allocated for this purpose in 1957, but with the creation of the Development Loan Fund a renewed effort was made to implement the clearly expressed intent of the Congress.

The Development Loan Fund was convinced of the necessity of granting loans to some of the land settlement projects which have been initiated in the meantime and have proved to be not merely a planners pipedream, but a going concern.

A thriving settlement of farmers from Holland, the village of Castrolanda, in the State of Parana, in Brazil, obtained a loan of \$240,000, the equivalent of 34 million Brazilian cruzeiros in addition to locally available credits of 23 million Brazilian cruzeiros. Five hundred and sixty persons representing 100 families have been added to the old population of the 550 original settlers of Castrolanda.

The village of Pedrinhas, first settled by 100 families of Italian farmers in the State of Sao Paulo, Brazil, benefited from a loan of \$300,000 in addition to credits available from Italian lire deposits in Rio de Janeiro. The population of that settlement has similarly been doubled.

A settlement in Costa Rica, designed for Italian farmers, has been granted a loan in the amount of \$300,000. This settlement seems to deserve particular attention inasmuch as it implements the idea of mixing native and foreign migrants.

There are other applications for Development Loan Fund loans pending, one of which is an application of another Dutch agricultural colony near Sao Paulo, Brazil, named Holambra. More applications are expected to come from the Argentine and Colombia.

The Development Loan Fund has acted with farsightedness and used good businessmen's approach in granting a loan for the construction of housing for Dutch immigrants in Australia under the condition that Australian and Dutch matching funds are made available. Cooperative building societies were formed in Australia comprising the membership of 600 heads of Dutch migrant families. My friend whom some of you had an opportunity to meet in Washington, Mr. Harold Holt, the Treasurer of the Commonwealth of Australia, who personally supervises the administration of these funds and who discussed the matter with Mr. Dillon during his recent visit to Australia, has assured me that this type of international financing will permit Australia to contribute considerably to the resettlement of Dutch farmers and surplus workers in the land down under. Considering Holland's plight caused by the forcible removal of over 300,000 Dutch people from Indonesia, this is no mean achievement.

Now, what is land settlement? It is simply the transformation of unproductive land—old lands, abandoned or sparsely cultivated, or new lands, forest, desert, swamp, land unused for lack of people or communications—into cultivated land by the redistribution of farm population. In brief, land settlement is the matching of unused or uneconomically used manpower and land resources to form a stable, productive rural society.

Historically, there were many reasons for land settlement. Population growth may overcrowd land that is already occupied. Prospects of economic gain may spur governments or individuals to bring unused resources into production for the purpose of expansion of exports, or because of increased domestic demand for agricultural products. Governments may have strategic or political reasons for settling specific regions, or they may be interested in maintaining equilibrium between industrial and agricultural production. There may be a need to substitute a stable and prosperous rural society composed of independent farmers for a restless urban population subsisting on a low-wage basis.

These have been factors behind land settlement during many periods of history. Now there is a new one: to offer new homes and new economic opportunities for Europe's surplus population.

There is today less land settlement than in the past. The countries where such settlement would naturally occur, lack the capital resources to undertake

it by themselves and too many of them embark upon industrialization neglecting food production. Also, the development of agriculture requires more investment and technical guidance today than ever before and these are difficult to obtain for new immigrant settlements. Furthermore, improved living conditions in towns make settlement in rural regions relatively less attractive. This fact has contributed to rural exodus in many countries, including our own.

What are the reasons which make land settlement desirable? Countries with unused land resources fail to produce enough food for rapidly growing populations. Many of them often concentrate on producing one crop—primarily for export—thereby becoming overly dependent on world market conditions. In these cases there is a need for greater and more diversified farm production in order to satisfy increased food demands. Increased agricultural production provides a sound basis for industrial expansion by enabling the support of a large industrial work force, making possible increased exports to exchange for imported capital goods and enlarging the market for industrial products.

Land settlement opens up new areas for all kinds of economic activities and helps populate empty zones by Europe's crowded agrarian population suffering from shortage of land.

There are, of course, many difficulties in carrying out land settlement. First, it requires relatively large investments because the settlers will soon leave cheap, subsistence-level farms with poor living conditions, for the city. If the settler wishes to produce a marketable crop at competitive prices, he must have modern equipment. The settler's farm and those of his neighbors in the settlement must have the attributes of a modern rural society: roads, schools, churches, hospitals, electrification, and so forth.

What is the cost of land settlement? On the average, \$1.2 million to \$1.8 million for the settlement of 100 farm families—about 500 to 600 people. This includes the construction of roads, power, and water installations, auxiliary services and industries, and so forth. The figures vary, of course, according to country of settlement and type of settler.

However, no U.S. dollars are required for the financing of the immigrant land settlement projects existing or envisaged to be started in Latin America. The cost of roads, housing, water supply, electrification, and other necessities for a decent living can, and should, be financed in local currencies. Extensive studies undertaken by ICEM confirm my own impression that but a fraction of local currencies accrued under our various economic assistance programs will serve the purpose. The loans will be repayable under conditions specified by the Development Loan Fund, and our experience with other similar lending programs benefiting immigrants, indicates that the terms of repayment are meticulously carried out by the new settlers.

In voting in favor of section 205(a) (3) we will give a new and decisive impetus to a program of primary importance, a program which will not only contribute to relieve the constant pressure of our own immigration quotas, but will provide the needed European manpower for the underdeveloped areas and go a long way toward improving the economic, social, and political conditions of several countries of Latin America.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman.

Mr. GROSS. With reference to the point made concerning the farmers from the Netherlands, are those the farmers who were being resettled in Australia on \$5 million supplied by American taxpayers?

Mr. WALTER. Yes. These were Dutch families, and it was occasioned by the forcible removal of over 300,000 Dutch people from Indonesia. Many of these families were moved to Australia. Under the Development Loan facilities a corporation was set up which provided for housing. The two Governments, Australia and the Netherlands, have guaranteed the repayment of this loan.

Mr. GROSS. Is the Netherlands understood to be an underdeveloped country?

Mr. WALTER. The Netherlands are not an underdeveloped country, but they do have an overpopulation problem and, of course, we are interested in trying to assist in problems of that sort.

Mr. GROSS. Mr. Chairman, will the gentleman yield for one further question?

Mr. WALTER. I yield to the gentleman.

Mr. GROSS. Does the gentleman think some money might be obtained from the Development Loan Fund to take care of Michigan's Yankus who went down to Australia? He is in trouble, you know.

Mr. WALTER. I am sure the gentleman from Michigan will find that his children were right in what they said about him when he left.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. JUDD. I compliment the gentleman on the fine and successful leadership he has given in this important field over the years. I would like to ask the gentleman a question. In Okinawa which was overpopulated before we entered the picture at the end of the war, we have taken over for our bases in Okinawa about one-third of their arable land which, of course, has greatly increased their problems so far as population in relation to land area is concerned. Naturally there was unrest among the people and there may be danger that we might wind up in Okinawa, like the British in Cyprus with powerful bases sitting on a volcano of hostile people. So some years ago we started an effort to get some of the displaced Okinawan farmers transported to Bolivia, which is probably one of the neediest and one of the most difficult areas in Latin America from the standpoint of accessibility, need for agricul-

tural development, and so forth. We did that, first, to give some hope to the Okinawans at least in a token way that they are not cooped up completely on that island with no hope of outlet; and, second, to bring these hardworking, skillful and tough farmers into a country like Bolivia where the whole economy is based pretty much on one product, namely, tin. One colony of several hundred families has been established and they are doing extraordinarily well. It will be helpful to both Bolivia and Okinawa to have more. Now I want to ask the gentleman this question. Is it the gentleman's judgment that local currencies made available under this section could be used for farmers from Okinawa as well as from Italy and other countries of Europe?

Mr. WALTER. I do not think there is any question about that. The idea is to make use of the blocked currencies which are just so much paper for the moment and by using this currency, the money will be increased, of course, through the interest it draws.

Mr. JUDD. I thank the gentleman very much.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. JUDD].

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present. I think the gentleman from Minnesota [Mr. JUDD] ought to have an audience.

The CHAIRMAN. The Chair will count. [After counting.] Ninety-seven Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 87]

Baker	Fogarty	Shelley
Bolling	Hagen	Siler
Budge	Hébert	Taylor
Celler	Kearns	Whitten
Colmer	Macdonald	Willis
Davis, Tenn.	Moore	Wilson
Dawson	Powell	Withrow
Durham	Rostenkowski	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 7500, and finding itself without a quorum, he had directed the roll to be called, when 410 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman.

Mr. CURTIS of Missouri. Mr. Chairman, I ask unanimous consent to extend my remarks immediately following the remarks of the gentleman from Minnesota. And I should like to state the purpose is to propound certain questions in regard to the fiscal aspects of this program and related programs, inasmuch as there was not time available for other Members to speak.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. CURTIS of Missouri. Mr. Chairman, I regret that the Committee on Foreign Affairs had no time available for members not on the committee during general debate.

This coming Thursday I have an hour special order in which I intend to discuss the concern I have for the deterioration of congressional debate and the default that the committees of the House—my own included—are making in their responsibilities to the membership of the House to allow for full explanation of the bills they have studied. In order to have full and adequate consideration the committees must permit Members not on the committee to have an opportunity to fully question the members of the committee.

It is particularly important that the debate on the floor allow for Members not on the committee reporting the bill to participate and ask questions under the jurisdictional setup the various House committees operate. Most complicated subjects, and certainly foreign aid is complicated, come within the jurisdiction of several committees. One place where the subject matter itself may be made whole again after its Balkanization, is on the floor of the House during debate. Giving an opportunity for those on committees which study certain aspects of the subject, to participate in the debate will help.

The ways and means committee, for example, has within its jurisdiction the Reciprocal Trade Act which covers the basic aspects of the problems of foreign trade. Does the foreign affairs committee believe it can properly consider the subject of economic or military aid apart from the subject of international trade and trade balances and all the economic evaluations that must go into this study?

The ways and means committee has within its jurisdiction the Western Hemisphere Trading Act which many seek to extend to the entire world. This involves the question of how we tax American capital investment that goes abroad. Does the foreign affairs committee believe it can properly consider the subject of economic and military aid apart from the subject of American private investment abroad?

The banking and currency committee has within its jurisdiction many subject matters that are important in evaluating the problems involved in the mutual security program. The agriculture committee with Public Law 480 is involved. The joint economic committee deals with certain aspects of the problem which are important, not the least of which is its evaluation of Russia's economic capabilities. The armed services committee, the Committee on Interstate and Foreign Commerce as well as other committees deal with certain aspects of this important and complicated subject.

The gentleman from Florida in closing the oral debate on this important legislation, and an admirable job he did, asked the rhetorical question, What more can we do than improve the program each year as we have been?

I think the answer is clear. Start consolidating the multifarious programs we have that relate to the countries abroad. One way would be to promote a little liaison between the various committees of the Congress that deal with various aspects of the same matter.

For example if it is to be trade not aid, let us start relating the various programs we have which relate to international trade with those which relate to aid. If we say loans instead of grants, let us start relating the various programs which promote loans with those which deal with grants. If we say private enterprise rather than Government aid—people to people—let us start relating the private programs to the governmental programs.

Now I stated that I was going to pose some questions to the committee in my extension of remarks in the hopes that when I get time under the 5-minute rule the committee may be able to answer the questions. These questions relate largely to the fiscal aspects of the entire subject of our foreign relations, not just the fiscal aspects of what is called the mutual security program:

First. What has been the increase or decrease in trade in dollar amounts between the United States and the individual recipients of aid under this program in the past year? Has trade increased or decreased?

Second. What has the increase or decrease of American private investment been in these countries in the past year, in dollar amounts?

Third. What has been the increase or decrease in gross national product of these countries? And in per capita gross national product?

Fourth. How much offshore procurement—in dollars—has there been last year in each of these countries? Has it been increasing or decreasing over a period of the past few years?

Fifth. How much did private U.S. banks lend to investors in the economic endeavors—also social and political endeavors—of these countries?

Sixth. How much did the Export-Import Bank lend last year and what are the balances and record of payment? The same question in regard to the International Bank for Reconstruction and Development?

Seventh. What is the ratio of Development Loan Fund loans to loans received from other free world sources?

Eighth. Has the Development Loan Fund, indeed, served the purpose of cutting down the requests for outright grants as it was intended to do? Congressman FORD testified earlier this year that this had been the case. What did the committee find the dollar figures to be on the cutback? In relation to the amount of loans?

Ninth. The committee's report on the operation of the investment guaranty program is ambiguous. On page 44 the committee states that only \$160 million

out of \$500 million remains available and applications now exceed \$1 billion. Yet on the very next page the committee quotes, I suppose with approval, the statement of the chief of the investment guaranty division, as follows:

It is our belief that the war risk guarantee, to make any appreciable contributions to the stimulation of private investment, should be broadened to include revolution, insurrection, and civil disturbances arising therefrom.

Well, a program that attracts a \$1 billion backlog certainly sounds like one that is making an appreciable contribution. If the division chief thinks \$1 billion is not an appreciable contribution I believe the committee and the Congress should have some idea what he thinks the adjective "appreciable" means. \$20 billion?

Tenth. What is the total amount of Public Law 480 funds that are presently available for the same purposes listed in the mutual security bill? The committee report seems to list only those funds obligated. What the Congress needs to know is what funds have been generated and how much agricultural surplus there is available that might reasonably be generated into Public Law 480 funds in the ensuing fiscal year?

Eleventh. What is the total amount of counterpart funds available for these programs? Again the committee seems to report those which have been obligated, not those which are available? What additional counterpart funds—if any—are still generated and might be generated in the ensuing fiscal year?

Twelfth. What are the unobligated balances previously appropriated for this program? The obligated but unspent funds are listed but it is hard to figure the unobligated balances.

Thirteenth. What are the dollar balances of trade of the countries benefiting under this program?

Fourteenth. On page 64 of the report the committee devotes a paragraph to "Use of Excess Government Property for Economic Assistance," and states—

There is now authority to utilize excess property under the act either by purchasing it at the price established in accordance with law by GSA or the holding agency, or possibly in special circumstances at no cost in accordance with applicable regulations.

Now we are talking about sizable sums when we get into surplus property. We have been disposing of around \$7 to \$8 billion of surplus property generated by the military establishments a year for several years. In the report of the Appropriations Committee on the military appropriation bill this year it was stated that there is about \$26 billion of surplus property waiting to be disposed of in the military establishment. We have been averaging about 8 cents on the dollar on the property sold.

Just how much surplus property in dollar value does the Committee think might be channeled into the foreign aid program for this fiscal year? A couple of billion or maybe only a few hundred million?

It is obvious from the few questions I have posed the work that must be done in order for us to get on top of our foreign

aid programs. Right now we have no reasonable idea whether we are promoting trade not aid, loans instead of grants, whether we are building economies abroad or damaging them. We are completely bogged down in a miasma of sentimentality.

If we really want to help people abroad and cope with the dynamism of international communism we had better start getting our accountants into the act to replace our Lady Bountifuls.

On June 30, 1955 I took the floor of the House during the debate on the mutual security authorization bill—page 8273, CONGRESSIONAL RECORD. I have reread what I said then and I regret that it remains largely true today. This program is still fiscally irresponsible. "It hurts badly the cause of fiscal responsibility for which I hope we are still working; it hurts the cause of a balanced budget; it hurts the possibilities of a tax reduction; and to reiterate it badly hurts the very program it seeks to advance."

Every year except 1955 I have voted for the mutual security authorization bills to express my accord for the objectives of the program. Each year just as consistently I have voted against the mutual security appropriation bills when it became apparent to me that the Appropriation Committee was not going to put the fiscal responsibility into the program that I thought was needed.

This year it looks as if I shall vote to recommit this bill to the committee in the hopes that some sense can be made out of the tangled mess. In my judgment we still need a program which will meet the stated objectives of the mutual security program, but this bill, I am afraid, will damage rather than help these objectives.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Delaware [Mr. McDOWELL].

(Mr. McDOWELL asked and was given permission to revise and extend his remarks.)

Mr. McDOWELL. Mr. Chairman, the Development Loan Fund is a major answer to the question of how this country can provide foreign economic development aid without encountering the serious problems of the grant economic aid programs. It is clear that the international conditions that have led us to support the foreign aid program in past years will continue to exist for years to come. It is clear also that the President, Congress, and the American people are unwilling to continue a massive program of grants for foreign economic development for years to come. Moreover there is evidence to suggest that the program of grant economic aid is, sometimes a liability in our dealings with foreign governments, rather than a useful tool of our foreign policy. It is because of these facts that the Development Loan Fund has received increased emphasis in the report of the Foreign Affairs Committee on the 1959 Mutual Security Act.

Consider the need for continuing economic development aid. The "revolution of rising expectations" in the economically less developed countries is spreading and growing in intensity.

Peoples who formerly accepted their lot of poverty, near starvation, and inferior status are now demanding food, equality, and a measure of material well-being. The governments of many poor, less developed countries are trying to provide these benefits without resorting to totalitarian methods. This is the challenge. How we meet this challenge is up to you, the elected Representatives of the American people, your constituents.

At the same time Soviet Russia and Communist China stand beckoning to these peoples and governments to adopt the Communist system as a quick road to industrialization, status, and power. What is more, the Sino-Soviet bloc countries have now adopted foreign aid and trade as weapons with which to win added influence and eventual control in key countries where the stakes are high and where there appear to be chances of success.

Foreign military aid will buy neither true friends for the United States nor the allegiance of any people to democracy and their opposition to communism. It is foolish for some people to expect that foreign military aid can do these things. But U.S. economic aid can make scarce investment capital available to governments in the less developed countries and thus help them satisfy some of the rising expectations of their peoples without resorting to totalitarianism or becoming reliant upon Communist loans and trade credits. This struggle within the new nations will continue for decades. Unless the free world countries are willing to lend their help we are increasing the chances that Communist or other extremist forces will come to power in many of the less developed countries.

While the need for continued economic development aid is apparent it is also becoming increasingly apparent that grants cannot be the main answer. Grants may be satisfactory for purposes of the common defense when our allies are unable to support the necessary military effort. And grant economic aid may have to be provided temporarily to keep a poverty-stricken ally from being overthrown by Communist forces or simply crumbling to pieces amidst internal dissension. Grant aid may also be necessary in other specific instances.

But in general, aid for economic development is an entirely different matter. To be sure, it is in the interest of the United States that the less developed countries be able to develop economically under moderate governments and maintain their independence free from domination by the Sino-Soviet bloc. But economic development projects are also basically business operations that are increasing the ability of the receiving country to stand on its own feet and earn foreign income. Therefore, this aid should logically be placed on a repayable loan basis, but with terms that do not bankrupt the new nations and so thwart the purposes of aid.

Another reason why economic development aid should be provided on a loan basis is the adverse psychological effect on both receiver and giver when grant aid must be continued for many years.

The large majority of less developed countries have only recently won their independence and therefore are highly sensitive to any appearance of foreign domination. Foreign grants appear to place the less developed country in the position of being beholden to a foreign power. A foreign loan, on the other hand, is considered an honorable business transaction where repayment is made for value received and neither country can be considered subservient to the other.

And from the viewpoint of the United States providing economic development loans is superior to providing grant aid. A grant is a gift. It is hard to insist that a gift be used with strict accountability, little or no waste, and only on the basis of detailed engineering surveys that have established the practicability of a project. It is well understood, however, that a loan is made only on strict terms designed to assure the wise use of funds and repayment as scheduled. A foreign aid program that places greatest emphasis upon financing foreign economic development through loans rather than grants therefore is less costly to the United States and fits more nearly into the normal pattern of foreign trade and financial relations between sovereign states. As economies mature, the ability of underdeveloped nations to absorb the manufactures of the world increases. And as trade increases these nations will have the opportunity to compare our products with those of Soviet-bloc manufacture. The comparison can only redound to our credit.

The Development Loan Fund has been in active operation since January 1958 and in this year and a half has shown itself to be an effective means of providing U.S. assistance for foreign economic development on a loan basis. The DLF loans are neither the usual type of business loan, nor are they distinguished grants, as some people may suspect. The loans are carefully designed to further the U.S. objective of spurring the economic development of the less developed countries. For this reason they offer U.S. resources on somewhat easier credit terms than a normal Export-Import Bank or private loan agreement would be able to do. Yet in other respects the DLF loans measure up to all normal standards for business loans.

The intensive review which each loan application receives before funds are granted compares well with banking standards. The following steps are involved:

First, Preliminary review: The DLF staff places a loan application under detailed consideration only after the prospective borrower has demonstrated that the project is technically and economically sound, that financing is not available from private sources, that repayment can be guaranteed, and that it is important to the economic development of the country. The DLF staff also examines the loan application to determine whether the loan would have an adverse effect upon the U.S. economy and whether funds can be had from private sources, the Export-Import Bank, the International Bank or

the International Finance Corporation. A substantial number of loan applications are eliminated in this first stage.

Second, Intensive evaluation and approval: The DLF staff of lawyers, loan officers, and engineers make an intensive analysis of the project's economic aspects and technical details, usually calling upon other U.S. Government agencies and overseas missions. The borrower often has to submit additional information to show that it is making a reasonable investment in the project itself and that it will be properly managed. If the loan successfully passes these hurdles it is submitted to the DLF Board of Directors consisting of the following: Hon. Douglas Dillon, Under Secretary of State; Hon. James W. Riddleberger, Director of the International Cooperation Administration; Hon. T. Craydon Upton, U.S. Executive Director of the International Bank for Reconstruction and Development; Hon. Samuel C. Waugh, Chairman of the Board of Directors of the Export-Import Bank; and Hon. Dempster McIntosh, Managing Director of the Development Loan Fund for their approval; then to the National Advisory Council on International Monetary and Financial Problems for its advice. It is only after this has been done that a letter of advice is sent to the applicant giving U.S. approval and setting forth the terms of the loan to be made. This officially commits the DLF funds. Finally, a loan agreement is negotiated.

Third, Implementation: The DLF staff works closely with the borrower, approving the placement of tenders or, examination of bids, and procurement of equipment. The borrower submits progress reports and loan funds are disbursed only as progress is made toward particular items or groups of items or services specified in the loan agreement.

The interest rates charged by the DLF vary with the type of project. If it is an economic overhead type project, such as roads and harbors, the interest rate is now 3½ percent. This rate approximates the current cost of money to the U.S. Government. But for profitmaking projects the DLF usually charges interest at a rate comparable to the Export-Import Bank, now about 5¾ percent. Some exceptions of lower rates are made for loans to intermediary institutions like development banks so they can in turn lend funds to the ultimate borrower at moderate interest rates. The loan agreements specify whether repayment is to be in U.S. dollars or the borrower's local currency. Loan maturities are normally geared to the useful life of the facility to be financed and are often for longer terms than are available from private sources.

To date slightly more than 20 percent of all loan funds are committed to be repaid in U.S. dollars, consequently there will be some hard currency coming back to the Fund that can be used again. Some local foreign currency is, of course, difficult to use. But the local purchases necessary for DLF projects can be made with this foreign currency. Another fact to be remembered about local currency repayments is that

the borrowing government cannot simply print up more money with depreciated value and make its payments on DFL loans. When local currency repayments are authorized, the borrower guarantees to maintain the dollar value of the original loan. Thus a DLF loan imposes upon the borrower a realistic commitment to repay the value of the loan.

Development Loan Fund appropriations are available without fiscal year limitations. This is important in the successful operation of the Fund and further serves to distinguish it from the program of grant economic aid. Since DLF funds do not need to be committed in any particular year, projects may be examined more carefully over a longer period of time and support given only to those that measure up to the high DLF standards. This avoids hasty commitment of funds in the last months of a fiscal year to avoid their reverting to the Treasury.

The absence of fiscal year limitations also means the Development Loan Fund can support very long-term projects involving hundreds of millions of dollars. Under the grant economic aid program it is usually possible to commit funds for only a phase of these major projects in any 1 year without throwing the whole mutual security appropriations out of balance. This means that work on major projects may have to be halted if funds cannot be made available the following year. Halting an aid project, however, is a serious blow to American prestige and influence in the receiving country. Congress therefore is placed under heavy pressure to make further appropriations in successive years. Failure to appropriate additional funds also may mean wasting what already has been spent.

The Development Loan Fund however, handles only specific projects and commits sufficient funds at the beginning to take the project through to completion.

A final point to be noted in favor of Development Loan Fund loans is the assistance they provide to the growth of private economic activity in the less-developed countries. Through the end of March 1959 the Development Loan Fund had committed \$225 million in loans to benefit private enterprise in the less developed countries. This was almost one-third of its total commitment of \$697.91 millions. Ninety-three million in loan commitments went directly to individual private enterprises and another \$132 million was provided in loans to Government for the importation of equipment that is to be put directly at the disposal of private enterprise.

It was apparent to the Foreign Affairs Committee from this information and from other facts as well that the United States should place increased emphasis upon long-term low-interest loans for foreign economic development. It was also apparent that the Development Loan Fund is the agency best suited to accept the responsibility of administering the loan program at the present time.

The President has requested a new authorization of \$700 million for the Development Loan Fund, to become available in fiscal year 1960. He said

that this would allow the agency "a level of activity no higher than it established in its first year of operation." The Foreign Affairs Committee has increased the authorization figure by \$100 million to a total of \$800 million.

The committee feels strongly that the lending operations of the Development Loan Fund should be increased, first, because it is convinced that U.S. economic development aid should to an increasing extent be placed on a repayable loan basis; and, second, because the Development Loan Fund has demonstrated through 1½ years of active operations that it is well-administered and suited to become the principal U.S. agency for making economic development loans.

The committee, however, does not believe that it is substantially exceeding the President's own total authorization requests for the Development Loan Fund. This spring the President requested a supplemental appropriation of \$225 million for the Development Loan Fund in fiscal year 1959, besides the additional appropriation of \$700 million to become available in fiscal year 1960. The sum of these two is \$925 million. Congress actually made only a \$150 million supplemental appropriation to the Development Loan Fund. This sum—\$150 million—when added to the \$800 million authorization recommended by the Foreign Affairs Committee makes a total of \$950 million, or only \$25 million in excess of the President's own two authorization requests made this spring.

The committee's increased emphasis upon the Development Loan Fund may be seen most sharply however when the \$800 million recommended authorization is compared with last year's appropriation as percentages of total mutual security funds. Last year Congress appropriated \$490 million for the Development Loan Fund in fiscal year 1959, which was only 12 percent of the total mutual security appropriation. This year, the Foreign Affairs Committee's recommendation of \$800 million would give the Development Loan Fund almost 22 percent of total mutual security funds.

The information presented to the Foreign Affairs Committee makes it apparent that even with an \$800 million addition to its own capital, the Development Loan Fund probably will not be able to provide loans in response to even half of the fully qualified applications. More than \$50 million of the \$150 million supplemental appropriation made this spring has already been committed. At the present rate of operations it is certain that the \$100 million remaining from this appropriation will be fully committed before the end of this fiscal year. The Development Loan Fund now has more than \$1.4 billion in loan applications under consideration. These are applications that have successfully passed the initial screening and therefore are a realistic picture of the current backlog of applications that probably will be eligible for loans. New loan applications continue to arrive every week.

In conclusion, I respectfully submit to you, my distinguished colleagues, and especially those of you who are, like myself, new Members in the Congress, and

especially those of you who are, like myself, new Members in the Congress, that the Mutual Security Act of 1959—the committee bill—is the result of the best judgment of your Foreign Affairs Committee of a foreign aid program to which you can give your unqualified support.

Our chairman, and our able and eminent colleague, Dr. MORGAN, of Pennsylvania, deserves praise far beyond my ability to describe. He has given every member of the Committee more than the normal time in Committee to freely express their opinions and to offer their amendments to the bill. His patience has been unlimited and his kind and judicious attitude has created a real spirit of harmony and cooperation in the Committee.

To those who will oppose mutual security legislation in this or any other comparable form, and for whatever their honest reason may be, I call to your attention an historic development during the fateful time when our forefathers were in a desperate struggle to throw off the yoke of a tyrannical foreign government and to launch a form of new and then untried democratic government for its peoples.

The following statistics have been supplied to me by the Library of Congress:

Gifts and/or loans to the United States from foreign countries during the Revolutionary War

France:	
Loans-----	\$6,352,500
Gifts-----	1,996,500
Spain: Loans-----	174,017
Holland: Loans-----	1,304,000
Total loans-----	7,830,517

This, my friends, was the first foreign aid program of the United States and our Government and our ancestors, its people, were on the receiving end of the deal.

Mr. Chairman, during the last session of Congress while the debate was raging over whether or not to establish the Development Loan Fund, Hon. Thomas S. Gordon, of Illinois, explained with unusual clarity the purpose and mechanics of the DLF. By inserting excerpts of Congressman Gordon's presentation, I risk repetition, but I do so only to bring to the attention of my colleagues, a discussion of the Development Loan Fund which transcends time in its impact:

Mr. GORDON. Now, Mr. Chairman, I come to the matter of the Development Loan Fund. This is a highly controversial matter. Unfortunately it is something on which the American people generally are not too well-informed. There has been a natural feeling among our people that we could not, when our own National debt was perilously rising, and there was no reduction thereof, go on endlessly pouring money as grants into countries, some few at least of which had recovered due to our help and were now on a healthy economic level. There has been a natural feeling that however good the heart, the hand must be stayed from giving more than a proper regard for the welfare of our own people. I presume it all gets down to this, that the good shepherd cannot over-extend himself or his flock will get out of hand. There are limitations to our re-

sources, and there must be good management as well as good intent in their use.

I have said often (however) in this trying period, give us but a decade or two to work at lifting the unbearable economic burdens of neglected peoples and we really will have laid the foundations of a permanent peace by removing the causes that make men responsive to the cry for war.

If we spend billions a year for arms and nothing to help men and women to their feet we will find that we have been judged by our works and learn too late the lesson that he who lives by the sword will perish by the sword.

What is proposed in this bill reported by the committee is the establishment of a Development Loan Fund. * * * This fund * * * we will put into the very important work of developing the economies of other nations. It will be a revolving fund, and the loans made from that fund can reasonably be expected to be made with the same sound business judgment as are the loans of the Export-Import Bank and the World Bank.

The argument will be made, and with sincerity, but with a misconception, that the loans made by the Development Loan Fund will actually be grants and will not be repaid. The same argument was made and with the same sincerity when the Export-Import Bank program was first proposed. It is true that some of the loans of the Export-Import Bank went sour, but this was true in a negligible number of cases, in fact less than the percentage obtainable in the case of loans made by the most careful banks in our own country, but the losses on these few bad loans were absorbed by the profits made on other loans. There is no good and valid reason why with the loans made payable in local currency, under the direction of the same good banking judgment, that the loans should produce a less favorable history. There is, too, this other and peculiar advantage: there always will be available a reserve of funds in local currency to meet the demands of financing of other developments in that country.

It is not necessary for me to take the time of the committee to stress the benefits that the United States will derive from an improvement in the economy of any country with which we do business. If the money that we are asked to put into the Development Loan Fund never in any part was returned to the Treasury of the United States, by revolving around and around in the financing of developments in other lands that give to the people therein a greatly increased buying power, we in the finding and supplying of new markets for our products would reap a return many times that of our investment.

Let me pause here to mention that in the first few months of the year 1957, when our own domestic economy was sagging, our head was kept above the water by an increase of 27 percent in our export orders. This information, which furnishes an index of what we reasonably may expect as the future dividend from our investment in foreign economic assistance, I gleaned from an authoritative article in the usually reliable New York Times, and on the financial page.

Our own national advertisers spend millions of dollars every year for newspaper and magazine advertising and for radio and television programs. I never have heard a stockholder or anyone financially interested in these advertisers say that this was giveaway money representing waste and extravagance. In a very true sense, it is money given away with no direct return. It is money spent to promote sales of the products of the advertiser, and that they call good business.

If we were using \$1½ billion of Federal money and credit in a 3-year program merely to promote new foreign markets for American products we would not be more than matching what sound and successful American businesses spend in a comparable period to promote sales at home.

Furthermore, many of the products of our national advertisers are sold on consumer credit, which is in the soft loan classification. They are soft loans because they are unsecured by real estate or other pledge and their repayment is to be made from wages not yet earned and dependent upon continued employment. If soft loans, reflected in consumer credit, have contributed so vastly to our prosperity at home, and have come to be accepted and adopted by our largest banks, why all this hub-bub about soft loans that are intended to build new markets for our products in now neglected foreign areas? I suspect it is just another manifestation of the ages-old fear of a change in dear old status quo as progress marches on.

The record as it is given in the article on the financial page of the New York Times, showing an increase this year of 27 percent in our export business, is pretty conclusive proof that foreign economic aid in the benefits accruing from it is not a one-way street.

The argument that by the creation of this local development fund * * * is fixing in the Executive Office an authority that rightfully should be retained by the Congress, quarrels with the concept with which we successfully have been proceeding for many years. The pattern on which it is proposed to fit the loan development fund is exactly that of the Export-Import Bank. It would be absurd to charter a bank in our own country tentatively for a year with no assurance to prospective depositors and borrowers that the doors of the bank would be open after the first year.

What is the purpose of this Fund, Mr. Chairman? It is set forth in this bill. It is to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities.

Who are these free peoples whom we are trying to help? Are they officials of national governments, the directors of banks or the managers of businesses? Some of them are, Mr. Chairman, but the vast majority are not. The vast majority of those whom we are trying to help are the people who till the soil and the people who turn the wheels of industry.

It is this group whose hearts and minds we are trying to win to the cause of democracy. It is the farmers and the workers of the free world who must be shown that a free society is as productive as a totalitarian state, and that liberty is infinitely more desirable than the shackles of slavery.

These people, the farmers and the workers of the free world, will ultimately determine the course their nations will take. By sheer weight of numbers they control the destiny of many of the so-called underdeveloped countries of Asia, Africa, and Latin America.

Mr. Chairman, this is the week of great decision. We stand at the crossroads of history, and upon the vote in this House on the bill now before us is the determination whether history as it is to be unfolded in the lives of the generations to come shall be a story of sunshine or a tragedy of the darkness of the night. Peace is within our reach. All that we wish for our children and for the children of all men can be attained or it can be cast off.

Mr. Chairman, in order to further emphasize the immeasurable need for the Development Loan Fund and to illustrate that this Congress has no choice

other than to approve the \$800 million which the committee feels this Fund demands, I have here three editorials from our Washington papers. They state the case for the DLF extremely well.

[From the Washington Post, May 28, 1959]

THE FOREIGN AID REVOLT

Senator FULBRIGHT is quite right in asking the administration to make up its mind on long-term foreign economic development assistance. Administration officials are in the position of acknowledging that considerable capital expansion and multiyear authority are essential to enable the Development Loan Fund to do the job envisaged for it, yet for budgetary reasons declining to ask what they know is necessary. This is not the way to head off the foreign aid revolt that is brewing on Capitol Hill.

The revolt is by no means confined to legislators who oppose the foreign aid concept or who want to economize at the expense of overseas interests. Senator MIKE MANSFIELD expressed the view of many thoughtful critics the other day when he questioned the effectiveness of multitudinous individual programs and called for an end to grant aid within 3 years. Such misgivings are by no means new. In the past, however, believers in the general concept have been asked to swallow their misgivings about individual portions lest criticisms be seized upon by those who want no aid at all. This is not good enough.

Indictments of the present mutual security program fall into two categories. The first is the obvious charge that the military tail has been wagging the economic dog. It has often seemed easier to get millions of dollars in grants for Chiang Kai-shek than pennies in loan form for India.

Some 62 percent of the total current mutual security request of \$3.9 billion is for military aid and so-called defense support, or economic aid to cover the dislocations caused by large military programs. The bulk of such help goes to only five countries—Korea, Formosa, Vietnam, Pakistan, and Turkey. It is possible to appreciate the need for a strong defense in such countries and still wonder whether the undertakings are too ambitious and whether the United States has become committed in perpetuity to programs which recipient countries can never hope to support. The confidence of critics is not increased when they read that this country is paying for pensions of retired Chinese Nationalist soldiers.

The second indictment concerns the proliferation of bureaucracy. There are scores of individual economic programs, many of them good in themselves, which when added together are almost suffocating. In some small countries, particularly, there are too many Americans. Inevitably American aid serves to buttress existing governments against change, whether or not change is desirable; and sometimes the distribution of the aid has invited corruption.

Moreover, when governments become dependent upon American aid any proposal for reduction or withdrawal may present grave political complications and incur hostility. For several years American aid to Laos, to take one example, has amounted to several times the annual national budget. The justification may be good, but how will this country ever extricate itself?

Now, a mature view of the problems of foreign aid requires, we think, an acknowledgment. The world must be seen as it is, and sometimes a calculated risk is necessary to prop up even a moth-eaten government against something worse. In some countries development loans and relatively inexpensive technical assistance are much to be preferred to grants; in some other countries, such as Vietnam, grant aid will be needed (and warranted) for a long time because of the elementary economic base.

Some waste and frustration and a few horrible examples in this process probably are inescapable.

At the same time there is a strong argument, we believe, for placing more emphasis on development loans and looking with an increasingly critical eye on large military programs, particularly in Asian countries where they invite great economic distortion. Defense is important, but exaggerated attention to arms may inhibit the economic advance which is the only way to permanent betterment. The House Foreign Affairs Committee reflected such a view in its authorization vote.

It is ridiculous to contend that the United States cannot afford the present level of foreign assistance, which amounts to far less than 1 percent of the gross national product and less than 10 percent of the domestic military budget. The country can afford a substantially greater effort if need be. But it is altogether proper for Congress to insist that there be greater evidence that the investment is producing the intended results. Consequently, we think that the administration would be wise to indicate that it is heeding the warnings for the future rather than shrugging off criticism with another attempt to lump everything in the kitchen sink.

Especially, we think it is time to end the secrecy on military aid allocations to individual countries, which serves only to conceal the distortions of emphasis. Invidious comparisons are unnecessary, but it ought to be possible for Congress and the public to weigh the relative importance of development help to the 400 million people of India along with the sums spent on military aid elsewhere.

[From the Washington Post, Apr. 17, 1959]
FUNDS FOR THE DLF

It will doubtless be a temptation for some Senators this morning, as they consider the supplemental foreign economic assistance funds, to aim at some compromise between the \$100 million voted by the House and the \$225 million requested by the President. This is not the time for a compromise. When the final action is taken on the general supplemental appropriation bill in a House-Senate conference committee, whatever is now recommended by the Senate Appropriations Committee and later voted by the Senate is likely to be further reduced.

Any significant reduction in the budgeted sum would be bound to impair the momentum and the effectiveness of the Development Loan Fund until its regular fiscal 1960 funds are approved. All that the DLF now has available to loan has been obligated. Applications for aid on much-needed projects are on hand for many times the sum which the President himself has requested for the remainder of this year. If this significant and constructive American program of helping underdeveloped nations toward economic breakthroughs is to do what is expected of it, the real economy lies in equipping it adequately.

[From the Washington Evening Star, Mar. 23, 1959]

POUND-FOOLISH FRUGALITY

President Eisenhower has reacted with justifiable sharpness to the House Appropriations Committee's rejection of his urgent request for \$225 million in supplemental money for the Development Loan Fund. The Fund, which he has rightly described as a "vital arm of our foreign policy," has been operating effectively since 1957 as the mutual security program's chief dispenser of economic aid. The aid, extended in the form of long-term loans at low interest rates, has been designed primarily to promote economic progress and higher living standards in un-

derdeveloped countries, and it has been producing good results.

Last year, when the administration sought \$700 million to finance this operation, Congress cut the request by \$225 million. At the same time, however, it counseled that the President could come back for a supplemental appropriation if the Fund's money should run out before the fiscal year's end on June 30. Well, the money has run out, and Mr. Eisenhower has done as advised, but the House committee, far from giving him what he has asked for, has refused to grant him a single additional penny. As a result, if the refusal is allowed to stand, the Fund will have to stop all lending activities for the next several months—a standstill that could have very serious consequences.

In creating this possibility, the Appropriations Committee has resorted to what the President has described as "irresponsible action"—a form of pennywise-pound-foolish frugality that can weaken our own security. It can do so by cutting off a type of aid (loans, not grants) that many friendly countries urgently need to build up their economies. Not the least reason why such aid is essential, of course, is that it helps to counter the threat of Communist subversion. Mr. Eisenhower's concern is therefore altogether well-founded, and we share his hope that the House as a whole will reverse its committee's shortsighted decision.

Mr. Chairman, I think that the main arguments in defense of the Development Loan Fund have been presented. I have tried to explain what we are trying to accomplish, and whom we are trying to help. Finally, without detracting from the nobility and good neighborliness of the Fund, I would like to make just one more point, and make it flatly and emphatically; the people that the Development Loan Fund is designed ultimately to help, are none other than ourselves. We are presented with a threat of such magnitude, that many of us are unable to grasp the concept of what this threat entails, and in order to participate in any rational discussion of the whys and wherefores of the Development Loan Fund, we must understand that threat.

The Soviet Union is doing everything within its power, to extend foreign aid, both economic and military to the underdeveloped countries of the world. Since I feel it imperative to know the details of what Russia is accomplishing in this area, I insert as my final argument for the Development Loan Fund, a statement prepared by the State Department which illustrates specifically the frightening effectiveness with which the U.S.S.R. is administering its foreign aid program. This statement alone justifies the Development Loan Fund:

CREDITS AND GRANTS EXTENDED BY THE SINO-SOVIET BLOC TO LESS DEVELOPED COUNTRIES OF THE FREE WORLD

The Sino-Soviet bloc began its economic offensive in the free world less developed countries in 1954, but sizable credit agreements were not concluded until 1955. By the end of 1958, the bloc had signed agreements with 18 less developed countries to provide \$2.4 billion in credits and grants for economic and military aid. (See table 1.) The U.S.S.R. has been in the forefront of the offensive with \$1.6 billion; the European satellites have extended \$650 million; and Communist China has agreed to provide about \$120 million. Drawings under these aid agreements will in many cases extend over a number of years. At the end of 1958, a little over \$900 million in bloc aid had

actually been delivered, much of it in the military field.

The increasing tempo of the bloc offensive is indicated by the fact that aid agreements covering approximately \$1 billion were concluded in 1958 as compared with about \$300 million in the previous year. Some of the larger commitments include: \$175 million for various development projects in Egypt plus \$100 million for the Aswan Dam, and large additional arms credits; \$100 million to Argentina, mainly for developing the petroleum industry; over \$225 million to Indonesia under agreements providing for military as well as economic aid; \$120 million credit to Iraq for arms; \$30 million to Ceylon for various development projects and \$10 million for machinery; \$21 million to India for a foundry and \$11 million for a refinery; \$41 million to Yemen largely for transportation projects—and a number of smaller agreements with other countries. As contrasted with new credit extensions, more than \$300 million of bloc credits to Yugoslavia were canceled during 1958. In addition to aid to the free world there also has been a substantial amount of intrabloc aid; credits, grants, and property transfers have been on the order of \$6 to \$7 billion.

The United States has provided aid to the less developed countries of the free world from a variety of different sources, through governmental and private agencies and also through international agencies, particularly the IBRD and the U.N. For the purposes of this summary, however, U.S. aid totals include the official credits and grants extended on a bilateral basis through the following five principal mechanisms: International Cooperation Administration, Department of Defense (mutual security program), Development Loan Fund, Public Law 480, and Export-Import Bank (long-term loans).

In the 10-year period from 1948 through 1958, the United States provided from these five main sources about \$25 billion in economic and military assistance to some 55 less developed countries of the free world. Of this total, economic assistance amounted to about \$16 billion.

Since mid-1955, the United States has extended \$4.4 billion in both economic and military aid to the 18 free world less developed countries which have accepted bloc assistance, as compared with the \$2.4 billion extended by the bloc during roughly the same period; \$3.3 billion has been in economic aid from the United States as compared with \$1.6 billion in economic aid from the Communist bloc.

Table 2 shows a rough comparison of the value of U.S. and Sino-Soviet bloc credits and grants to those countries which have accepted bloc assistance.

The terms under which bloc and U.S. aid are provided differ markedly. An outstanding difference lies in the fact that practically all bloc aid has been in credit form while a high proportion of U.S. aid has consisted of grants, although the recent trend has been toward putting more U.S. economic aid on a loan basis. Soviet credits carry interest of 2.0 to 2.5 percent; satellite countries ordinarily charge 3.0 to 4.0 percent, although sometimes their rate is higher. Recent U.S. interest rates have ranged from about 3.5 to 6.0 percent. However, the United States generally allows a longer time for repayment, as much as 40 years, while Soviet credits seldom exceed 12 years, and satellite credits are often for even shorter periods. Most bloc agreements provide for at least partial repayment in commodities, with annual negotiations to determine the type, amounts, and prices of goods which the bloc will accept. A substantial proportion of U.S. loans have required payment in dollars although an increasing number now permit repayment in local currencies.

A feature of the Soviet campaign which has had great appeal is the apparent will-

ingness to provide types of projects which a less developed country wants without requiring economic justification for the project or attempting to secure governmental reforms of various economic policies. Nor does the bloc appear to require the various accounting checks which are involved in U.S. programs. The bloc makes credit commitments which can extend over several years into the future; the United States has less flexibility in its planning. Bloc assistance, however, is virtually all tied to the use of bloc goods and services while most U.S. assistance is used by the recipient for procurement in third countries.

A great deal of emphasis has been given in Soviet propaganda to the fact that its aid is free of all strings. This may be technically correct in the sense that military as well as economic credits have not involved joining any alliance with the bloc and there are no known conditions such as contained under the Battle Act. Nevertheless, the postponement of credits to Yugoslavia in the wake of political and ideological controversy with the U.S.S.R., and the pressure brought to bear on Finland indicate that strings can be effectively added. Periodic negotiations involving the form of repayments which the bloc countries will accept offer another potential area for strings to develop.

The following sections summarize the principal bloc activities in extending credits and grants to the less developed countries of the free world.

TABLE 1.—Sino-Soviet bloc credits and grants extended to free world less developed countries—Jan. 1, 1954–Dec. 31, 1958

[Commitments in millions of U.S. dollars]

Recipient countries	Total	Economic	Military
Grand total.....	12,384	1,602	782
Middle East and Africa:			
Egypt.....	626	311	315
Ethiopia.....	2	2	
Iran.....	3	3	
Iraq.....	120		120
Syria.....	323	195	128
Turkey.....	13	13	
Yemen.....	59	42	17
South and Southeast Asia:			
Afghanistan.....	159	127	32
Burma.....	34	34	
Cambodia.....	34	34	
Ceylon.....	58	58	
India.....	304	304	
Indonesia.....	364	194	170
Nepal.....	13	13	
Europe:			
Iceland.....	5	5	
Yugoslavia.....	163	163	
Latin America:			
Argentina.....	102	102	
Brazil.....	2	2	

¹ Total aid by years is as follows: 1954, \$11 million; 1955, \$339 million; 1956, \$718 million; 1957, \$287 million; 1958, \$1,029 million.

² Includes \$27 million in an unutilized Soviet credit which is ostensibly outstanding but on which further drawings are unlikely.

TABLE 2.—Comparison of credits and grants extended to 18 less-developed countries of the free world by Sino-Soviet bloc and by United States

[Bloc commitments and U.S. obligations and authorizations in millions of U.S. dollars]

	Sino-Soviet bloc, ¹ mid 1955 through December 1958	United States ²	
		Mid 1955 through December 1958	1948 through December 1958
Total economic and military.....	2,373	4,442	8,628
Total economic only.....	1,591	3,304	6,005
Afghanistan.....	116	62	101
Argentina.....	102	285	449

TABLE 2.—Comparison of credits and grants extended to 18 less-developed countries of the free world by Sino-Soviet bloc and by United States—Continued

[Bloc commitments and U.S. obligations and authorizations in millions of U.S. dollars]

	Sino-Soviet bloc, ¹ mid 1955 through December 1958	United States ²	
		Mid 1955 through December 1958	1948 through December 1958
Brazil.....	2	551	1,108
Burma.....	34	58	79
Cambodia.....	34	125	164
Ceylon.....	58	32	38
Egypt.....	311	22	123
Ethiopia.....	2	45	54
Iceland.....	5	17	55
India.....	304	954	1,312
Indonesia.....	194	143	258
Iran.....	3	153	397
Iraq.....	0	10	18
Nepal.....	13	14	19
Syria.....	195		1
Turkey.....	13	431	909
Yemen.....	42		
Yugoslavia.....	163	402	920

¹ The bloc aid figures include about \$120 million of credits extended in the first half of 1955. They exclude about \$11 million in credit extended to Afghanistan in 1954.

² Includes grants and credits from (1) ICA obligations; (2) DLF loan agreements signed; (3) Eximbank loans authorized; and (4) Public Law 480 funds earmarked under title I, authorizations under title II, and shipments authorized under title III.

³ See footnote 2 of preceding table.

AFGHANISTAN

Afghanistan was the initial target in the economic offensive of the Soviet bloc, and some observers believe that it is intended to be a showpiece or prototype of bloc negotiation. While Afghan officials are confident of their ability to maintain a neutral position between the bloc and the West, the development plans of Afghanistan have come to hinge to an important extent upon bloc support, and this is likely to have a significant impact.

The U.S.S.R. initiated its economic offensive in Afghanistan in 1954 with a credit of \$3.5 million for the construction of two wheat silos, a flour mill, and a modern bakery to supply the bread requirements of about 50,000 people. These were completed in 1957. The credit is repayable in 5 years beginning in 1957 at 3-percent interest. Two additional loans of relatively small amount followed: \$2.1 million for the production of asphalt and the paving of Kabul's streets, and about \$1 million for the construction of petroleum storage tanks.

A Soviet credit of \$100 million was announced dramatically in 1955 during the visit of Khrushchev and Bulganin. No repayment is required until 1964, when annual installments at 2-percent interest are to begin for a period of 22 years. Repayment is to be made with Afghan exports.

Some difficulties have been encountered in the implementation of the \$100 million credit. Several projects that had been considered were subsequently canceled or postponed as impractical. Soviet estimates of costs sometimes have exceeded similar estimates by Western firms, causing concern to the Afghan Government. To offset Afghan complaints about the high cost even of surveys, the U.S.S.R. offered in June 1958 to make free surveys for all projects which had not already been started. Perhaps one of the greatest difficulties in the implementation of projects is the shortage of Afghan funds available for local costs. These include building materials that are available locally, wages of Afghan laborers, freight charges from the border to the project site, and support costs for Soviet personnel. In July 1958, the U.S.S.R. offered to supply under the agreement goods for sale in Afghanistan to generate proceeds for local currency

costs of at least one large project. The proceeds from the sale of the 40,000 tons of wheat which the U.S.S.R. agreed to provide Afghanistan on a grant basis in January 1959 should also help ease the strain of Afghan internal finances.

Projects once considered under the \$100 million loan but later postponed or canceled include a testing laboratory, fertilizer plant, vehicle repair shops, a river navigation project, and three irrigation dams. The reasons for postponement or cancellation are not clear, but they apparently include doubt as to the utility of the projects and hesitation or inability on the part of Afghanistan to commit funds for local costs.

Projects for which construction contracts have been signed or are likely to be signed include the Bagram and Kabul airfields, the Darunta irrigation scheme, the Pul-i-Khumri hydroelectric plant, and Jangalak metals shop and automotive repair facility, and the Salang tunnel and road. In addition, the development of the Oxus river port of Qizil Qala appears to be under consideration.

Bagram airfield, which is essentially a military facility, is viewed by some as an outstanding example of Soviet activity. The preliminary survey was made in 1956, the engineering survey in 1957, and construction began in 1958. The airfield is expected to be fully operational in 1959, at a cost of about \$7.5 million.

The Darunta irrigation project is to consist of a dam 15 meters high and canals 45 miles in length to irrigate 50,000 to 90,000 acres. A powerplant of 11,000 kilowatts is included to operate electric pumps. The preliminary survey was completed in late 1957 and construction is expected to be completed by 1962 at a cost of about \$23.5 million plus local costs.

The preliminary survey for the Pul-i-Khumri hydroelectric plant was completed in 1957 and the engineering survey early in 1958. The plant is to supply 9,000 kilowatts for the Pul-i-Khumri industrial complex and the Karkar coal mines. It is expected to be completed by the end of 1960 at a cost of \$4.1 million plus local costs in the vicinity of \$1 million.

A contract for the purchase of machinery for the Jangalak metals shop and repair facility was signed in December 1957, following a decision to use the Soviet credit rather than seek U.S. funds for this project. About 50 Soviet technicians have been engaged for periods up to 18 months to carry out the work at Jangalak. The cost is estimated at about \$1.6 million plus several hundred thousand dollars in local currency.

The Salang Pass is one of the highest in Afghanistan. After rejecting Soviet suggestions for a road over the pass and a short high-level tunnel, the Afghans accepted Soviet designs for a low-level tunnel similar to one that earlier had been proposed by a West German firm. The preliminary survey was made in 1956 and an engineering survey in 1957. Construction was begun in 1958. It is not known how long the work will require. The estimated cost of the project will be at least \$12 million plus about \$2 million in local currency.

A contract for the construction of the Naghlu hydroelectric project has been delayed. A team of about 50 Soviet technicians spent 14 months on a preliminary survey completed in 1957. This resulted in a proposal to build a 30,000 to 40,000 kilowatt power station at a cost of \$20 million plus 320 million afghanis (from \$5 to \$15 million depending upon exchange rate used). The Soviets later suggested a 60,000 kilowatt station. Prior to the departure of the Afghan Prime Minister for the United States in June 1958, the Soviets offered to build the Naghlu plant for \$10 million plus 240 million afghanis, and in answer to Afghan objections that sufficient afghanis were not available, offered to send goods to Afghani-

stan chargeable to the \$100 million credit in sufficient quantity to permit the Afghan Government to realize the local currency costs through sale of these goods. Although the Afghans have reportedly agreed in principle to this offer, revised plans have not yet been completed and a construction contract remains to be signed.

About \$2 million has reportedly been earmarked for development at the Oxus port of Qizil Qala. According to the most recent information, the U.S.S.R. will provide assistance in 1959 for the development of Kabul airport but the extent of the project is not known.

In addition to the \$100 million credit, an agreement was reached in July 1957 for a \$15 million loan for petroleum exploration in northern Afghanistan. The loan has been described as unconditional and repayable in 15 years. Further details are not yet known. Under the loan the U.S.S.R. is to supply the necessary equipment and several hundred bloc technicians. If the search for oil proves successful, any remaining part of the loan may be used for the construction of a refinery. In mid-1958 an agreement was concluded for the aerial surveying of northern Afghanistan. Terms are not known.

In 1954, a credit of \$5 million was extended to Afghanistan by Czechoslovakia. This credit was to be repayable, in Afghan goods, at 3 percent interest over a 5-year period beginning in 1957. Numerous difficulties have been encountered by the Czechs in the implementation of the credit. In addition to supplying some machinery and a few experts for the coal mines at Karkar and Ishpushta, the Czech credit has thus far been used mainly for the construction of a cement plant with a daily capacity of 100 tons at Jabal-us-Seraj. The portion to be financed by the Czechs amounted to a contract price of \$1.3 million, but the Czechs claim to have lost money and have asked the Afghans to make up the difference which has been refused. The Czechs have offered to supply machinery and equipment for another cement factory at Pul-i-Khumri and for a fruit cannery, a cheese factory, and two cottonseed oil factories.

In addition to these credits for economic and technical assistance, the U.S.S.R. and Czechoslovakia have extended military credits in excess of \$30 million for the purchase of arms. These credits are reported to be repayable at 2 percent interest in 8 annual installments beginning in 1957 and are believed to have been in large part utilized. Under Soviet guidance and assistance, the Afghan army is being modernized and expanded, and performance in this respect has apparently been satisfactory.

In conclusion, it appears that Soviet-Afghan negotiations in aid matters have been characterized by hard bargaining on the part of the Afghans and by a calculated effort on the part of the Soviets to give an impression of being reasonable. The Afghans are apparently content with the rate and manner of project implementation and with the success that they have enjoyed in extracting price and other minor concessions from their Soviet partners. The Soviets appear to be equally content with the extent to which they have ingratiated themselves into Afghan affairs, and have expressed an interest in extending further economic aid to Afghanistan. It is likely that this relationship will continue during the foreseeable future, and that the vulnerability of Afghanistan to Soviet penetration will continue to increase.

ARGENTINA

Argentine economic relations with the bloc expanded sharply in 1958 after a comparative lull in the 2-year period following the downfall of Peron. The Argentine Government, beset by continuing problems of economic rehabilitation, exchange difficulties, and the need to placate nationalist oppo-

sition to foreign private participation in Argentine petroleum resource development, turned to the bloc for needed raw materials, especially fuels, and capital goods, including Soviet oilfield equipment.

In October Argentina signed an agreement with the U.S.S.R. for a \$100 million credit, the largest bloc credit extended in Latin America. The credit is earmarked for Argentine Government purchase of petroleum industry equipment including electrical machinery and equipment, exploration and drilling equipment (including turbodrills), seismograph equipment, motor vehicle transport equipment, pumps, and compressors. The credit is to be utilized within 3 years of notification. Repayment will not start until 3 years after the date of first delivery and is to be completed in seven annual installments through shipment of Argentine exports. Interest will be charged from the date of each shipment of Soviet goods at 2.5 percent per annum. Initial contracts reportedly valued at \$32 million have been signed to date. Argentine deliveries will probably include wool, hides, and quebracho extract and other products to be agreed upon by the two parties.

Czech engineers are presently installing a coal washing plant at the state-owned Rio Turbio coal mines under a \$2.1 million Czech credit. Agreement on this project was reached in July 1955 and the equipment arrived in early 1957 although construction did not start until October 1957. The plant is scheduled to begin operations in October 1959. Repayment of this credit will be 75 percent complete when the project goes into operation, with the remainder to be paid by 1961, so in effect this is a commercial type credit although with more liberal terms than generally available.

Installed electric generating capacity at Rio Turbio will be significantly increased upon installation of two Czech turbo-generators of 6,000-kilowatt capacity each which were purchased in July 1958 for \$2 million on deferred payment terms up to 1963. Balances due after delivery will bear 6 percent interest. Delivery is scheduled within 19 months, while installation under the supervision of Czech technicians is expected to require 13 months more.

BRAZIL

Rumors of large scale bloc credit and barter offers were heard in Brazil throughout 1958. Brazil's interest in expanded economic relations with the bloc stems from its continuing economic difficulties and the search for new markets for its exports, particularly coffee, which is in world oversupply. There is no clear evidence that any very specific long-term credit offers were made by the bloc during 1958, however.

The largest Brazilian deal with the bloc was a May 1958 contract of the Brazilian Merchant Marine Commission with Poland for the purchase of 14 freighters valued at \$24.1 million for use in coastal trade. Brazil is to supply in payment, presumably over a period of several years, certain commodities including 300,000 bags of coffee valued at \$15.7 million. Four of the ships are scheduled for delivery by May of 1960.

In April Poland again expressed interest in participating in a Minas Gerais state development program, outlining the terms of a proposal to equip a steel mill in the Para Poeba Valley. The governor reportedly was interested in the offer, but asked the Poles to grant longer payment terms than were offered. The chief of the Polish delegation indicated that the project was too expensive for Poland to finance but stated that financing could be obtained from the U.S.S.R.

BURMA

The Sino-Soviet bloc has participated in Burma in economic development and technical assistance projects involving estimated foreign exchange costs of \$34 million. How-

ever, a shortage of funds to finance local currency costs of projects has continued to restrain Burma from completing negotiations on pending bloc loans of \$13.7 million. Financial problems have also forced the government to postpone three of the six previously agreed projects for which the USSR was to provide an estimated \$30 million worth of machinery, equipment, and technical services. Under the original 1956 agreement Burma was to make shipments of rice over an extended period of years in return for the Soviet contribution to these projects, which had been offered as a gift. It now appears, however, that the Burmese Government will terminate the projects if any repayment is involved and there is some question as to whether work will continue unless the USSR is willing to finance not only the import component but local costs as well. Progress on construction of a technological institute, hotel, and hospital has proceeded at quite a satisfactory rate to date.

The USSR also offered a credit of \$4 million for two irrigation projects and \$3 million for a farm implement factory, the former repayable in 12 years and the latter in 5 years. The interest rate on both was 2.5 percent. Soviet technicians prepared preliminary surveys for these projects, but their offers of credit are not expected to be accepted in view of the current government's announced preference for grant rather than loan assistance.

Communist China completed construction of an addition to a government-owned cotton mill, which is considered a great success by the Burmese. Credit was not involved originally, but payment arrangements now appear to involve shipment of rice over an unknown period of time and possibly some convertible sterling. An offer of \$4.2 million in credit for a new mill, repayable in rice at 2.5-percent interest, was accepted in principle but actual implementation appears to have been postponed indefinitely.

CAMBODIA

Cambodia accepted a grant of \$22.4 million in 1956 from Communist China. In 1958 an additional grant of \$5.6 million was provided to finance such projects as a small iron and steel works and exploration for underground fuel resources, but a Communist Chinese offer of military assistance was turned down. Utilization of the basic 1956 grant—allocated mainly for 3 factories to produce plywood, textiles, and paper—is far behind schedule, but this has been less apparent to the public than the progress made on several conspicuous bloc construction projects, notably buildings for the Ministry of Plans and the government radio station.

All secondary buildings for a 500-bed Soviet gift hospital are due for completion in early 1959. A USSR loan offer of \$12.5 million to develop state enterprises over a period of 5 years was not accepted but remains open for future consideration. The terms of this offer include Soviet willingness to forego interest charges, and repayment starting after 20 years would be made over a period of 20 years in commodities. Local currency would be raised by the sale of Soviet-financed imports which, except for machinery, could be purchased from non-bloc sources. Both the USSR and Communist China have made well-publicized gifts to the youth of Cambodia in recent months.

CEYLON

Ceylon, along with other Asian nations, is the target of bloc interest and Colombo has signed agreements with bloc countries under which a total of \$58 million in economic assistance will be provided.

Under a 1956 economic cooperation agreement with Czechoslovakia, a \$3.2 million contract was signed in 1958 for construction and equipment of a sugar factory, on which

work is now underway. The Czech contracting firm has had serious differences with a Ceylonese subcontractor which led to litigation. Terms require 50 percent payment by the time of satisfactory installation of plant and machinery, with the balance due in semiannual installments over 4 years commencing 1 year after the last payment on presentation of shipping documents. Interest is at 3 percent. There appears to be an understanding that Czechoslovakia will buy enough Ceylonese products to cover repayment but this is not guaranteed and any shortfall is to be made up in convertible exchange. No reports are available on a workshop offered in 1956 as a grant to facilitate the bus nationalization program.

Ceylon is also receiving a grant of \$15.8 million from Communist China to be utilized during the 5 years, 1958-62. Part of the aid will take the form of deliveries of consumer goods to be sold in Ceylon and the proceeds used for a rubber replanting program. In addition, Communist Chinese engineers have been in Ceylon and Ceylonese engineers have visited Red China to do preliminary work on a proffered textile factory. This grant replaces a former arrangement under which Ceylon was given assistance in the form of premium prices on its rubber exports to Communist China. Peiping is also extending a \$10.5 million credit to be drawn down in 4 years. The amount of the annual drawings and the kind and amount of goods to be furnished by Peiping is to be decided by a joint committee appointed by the two governments. Some meetings have already been held. This carries interest of 2.5 percent and is repayable in commodities or foreign exchange over 10 years beginning in 1961.

Under an aid agreement of February 1958, the U.S.S.R. will provide \$30 million credit in equipment and technical assistance over a 5-year period for economic development. Terms of the Soviet credit follow the common pattern: 2.5 percent interest, repayment over 12 years beginning 1 year after delivery of goods, with annual negotiations to determine the portion of each installment which will be accepted in commodities and the amount to be paid in convertible exchange. Sixteen projects were originally contemplated, but implementation has been delayed by the fact that Ceylonese planning has not been sufficiently advanced to permit agreement on projects. A contract has been signed for jungle clearance and land development in conjunction with the sugar refinery the Czechs will construct at Kantalai. Machinery deliveries from the U.S.S.R. were delayed as a result of temporary misunderstandings on the type and financing of the equipment, but clearance work is now in progress. Soviet personnel have impressed the Ceylonese as hard working but there have been some complaints about the equipment. Negotiations are underway for a tire and tube factory. A contract was signed in January 1959 for the construction of a small steel rolling mill costing about \$10 million. Soviet engineers have completed a survey, and design work is underway in the U.S.S.R. for a dam and irrigation project on which preliminary agreement has been reached. There are also reports that laboratory equipment is en route to Ceylon for a project in science education although no contract has been signed covering such assistance. Little or no progress has been made so far on the other projects originally under consideration.

ICELAND

Iceland has two credit agreements with bloc countries totaling about \$4.6 million. The first, made in 1956 with Czechoslovakia, covered \$1.9 million worth of generating equipment delivered in 1957-58 for three small hydroelectric stations, which are now in operation. The equipment is consid-

ered adequate but not as sturdily built as western models. Terms of the sale involved 10 percent down and another 10 percent on delivery; payment on the credit portion will be made in fish products between 1959 and 1963.

Contracts were signed in 1957 with East Germany for 12 ships (250-ton fishing vessels) valued at \$3.2 million. Half of this amount had to be paid by time of delivery with the remainder due within 2 years thereafter. Three vessels have arrived and nine are expected by the end of 1959. Half of the cost of the vessels has reportedly been paid. Since Iceland was anxious to convert this agreement to a longer term credit, the U.S.S.R. agreed in August to re-financing over a 12-year period by increasing the overdraft facility under its clearing agreement with Iceland to \$3.1 million. Interest will be charged at 2.5 percent. Payments will be made in fish products. Reportedly none of this credit has been drawn down as yet.

INDIA

The first major thrust of the Soviet economic campaign occurred with the offer of a steel mill to India in 1954. Since that time bloc credits have grown to \$304 million, of which 40 percent had been utilized by the end of 1958. The bloc performance has in general made a favorable impression on the Indians. Nevertheless, the government is wary of the political implications of expanding bloc assistance further and favors western aid to meet its serious problems of financing imports required for the current 5-year plan.

The major bloc project in India is a steel plant of 1-million-ingot-ton capacity under construction at Bhilai with \$132 million credit from the U.S.S.R. Interest is charged at 2.5 percent with repayment in convertible rupees to be made in 12 annual installments starting 1 year after each drawdown. Attempts to have the agreement modified so that repayments would not begin until 1 year after completion of all deliveries were apparently not successful. However, the U.S.S.R. seems to have postponed until 1961 at least part of the payments due in 1958 for machinery already delivered. India also requested additional financing for the project but has not yet received it.

Progress at Bhilai has been quite satisfactory to the Indians and relations with the Soviet personnel have proceeded with little friction. The first coke oven battery began operations in October and the first blast furnace was expected to be finished on schedule in early 1959. However, completion of the entire project may be delayed as much as a year beyond the target date of December 1959 since the work of some of the Indian contractors is behind schedule.

In 1957 India accepted another major Soviet credit of \$126 million to be drawn upon over a 3-year period beginning in 1959. Terms are similar to those on the steel mill except that repayment is to begin only after completion of all deliveries for a project. Surveys for at least two projects under this credit—a plant to manufacture heavy machinery and a powerplant—are well advanced and some preliminary work appears to have been started on a coal development project, a powerplant, and an optical glass factory.

The Soviets, together with Rumania, have also provided credit and technical assistance for petroleum exploration. Discoveries of natural gas in the Punjab and oil in Bombay in 1958, while still unevaluated, have greatly raised bloc technical prestige in India.

The European satellites have completed or are proceeding with a number of projects in India. Czechoslovakia has completed sugar refineries, a cement plant, and expansion of a powerplant. The largest Czech

project, a foundry forge involving deferred payment of \$21 million on the machinery and equipment, is in the survey stage. Payment will be made in eight equal installments beginning 2½ years after the signing of the agreement. Ten percent of the payments will be in rupees to be used for purchases of commodities in India. The balance is payable in rupees or convertible currency at Czech option. Interest at 4.5 percent is chargeable 6 months after the arrival of the last consignment. Poland and East Germany have also implemented small credits and Rumania is scheduled to provide on credit equipment worth \$11 million for India's first state-owned petroleum refinery. The latter credit is repayable over a 7-year period at 2.5 percent interest in Indian goods or convertible currency.

A number of offers for additional bloc projects are under consideration: from the U.S.S.R. a steel plant, oil refinery, and pharmaceutical plant; from East Germany a raw film plant; from Poland assistance in exploitation of copper resources. Rumania has offered to ship petroleum and accept payment in rupees to be used within India for future petroleum exploration and refinery development.

INDONESIA

In the political and economic crises which beset Indonesia in 1958 the bloc economic offensive accelerated rapidly and credits offered by the bloc and accepted by Indonesia in the economic and military fields now total approximately \$364 million.

In February 1958 the Indonesian Parliament ratified the 1956 agreement accepting a \$100 million credit at 2½ percent interest from the U.S.S.R. Payment will be made in 12 annual installments in goods or convertible exchange, the types and amounts of goods to be agreed annually; the first payment is due 3 years after each drawing. Even before final acceptance, 10 small freighters were purchased under this line of credit. Subsequently, two tankers and 4 million yards of textiles were delivered. Probably only \$15 million of the total credit has been already utilized, but agreement was recently reached on projects which will consume most of the remainder. These include a smelting plant and rolling mill, a fertilizer plant, highways, and two mechanized rice farms.

The U.S.S.R. also offered \$10 million for an education project about which little is known. Private interests received \$800,000 worth of electrical machinery on credit and machinery was delivered for a glass factory, but this project has encountered problems due to the 'borrowers' inability to date to arrange the necessary local financing. Although Soviet representatives have advertised their willingness to sell industrial machinery on 5-years' credit at 2.5 percent interest, no acceptances have been reported.

Satellite projects in Indonesia include an East German sugar mill which cost much more than originally planned, was completed far later than scheduled, and broke down on its trial run. Much public criticism has resulted. A tire and rubber goods factory constructed with Czech help was also behind schedule but apparently local factors contributed to the delay and the Indonesians are satisfied with the project. In addition, Czechoslovakia is supplying \$7 million in tractors and machinery and \$5 million in electric generating equipment on 5-year credit at 4-percent interest. A downpayment of 25 percent by time of shipment was required. The other major nonmilitary aid involves a credit from Poland for \$39 million in ships which will be delivered between 1959 and 1962. There appears to be some doubt, however, that this contract will be fulfilled. This credit carries 5-percent interest and will be repaid over a period of 13 years. Negotiations for a possible \$5 million

Polish credit for shipyard construction were in progress at the end of the year.

Communist China has delivered rice and textiles under an \$11.2 million credit repayable in 10 years at 2½-percent interest. In 1956 arrangements were made for funding the Indonesian trade deficit with Communist China, making it repayable over several years. Negotiations for a textile mill to be supplied on credit have been in process since early 1958. Peiping announced in October 1958 that it would extend additional aid.

The European bloc has also delivered substantial amounts of military equipment to Indonesia under credit arrangements. Most of this material is at least nominally being supplied by the satellites. It includes a wide range of items for sea, air, and land operations.

Indonesia appears to be generally satisfied with bloc performance on the various commitments—with the outstanding exception of the East German sugar mill. However, some dissatisfaction has arisen with the quality of Soviet textiles; Soviet ships had to be modified extensively for tropical conditions; and jeeps from the U.S.S.R. had unsatisfactory windshields. In addition to this type of complaint, there is also in Indonesia a substantial body of opinion which recognizes the dangers inherent in the growing Soviet economic ties and opposes their expansion except as a matter of last resort.

IRAQ

Following the July 14 coup d'etat in Iraq with the accompanying change in the political orientation of the Government, the Soviet bloc countries made a number of overtures aimed at strengthening their economic relations with the new regime. The high point of this campaign was the purchase by Iraq, reportedly on extended credit terms, of substantial quantities of Soviet arms. It is reported that several deliveries of these arms have already been made to Iraq. While some bloc credits may be extended for development purposes, technical assistance appears to be Iraq's priority need at this time, and the bloc will probably seek to exploit this opportunity.

NEPAL

Bloc assistance to Nepal thus far consists of a Chinese grant of \$12.6 million, \$4 million of which has been drawn in Indian rupees. The remainder, to be delivered in 1959-60, will consist of Communist Chinese machinery and equipment reportedly for cement, pulp, and paper plants. This machinery will be assembled by Indian technicians.

During the visit of the King to Moscow in June 1958, Nepal agreed, in general terms, to accept Soviet aid. At the end of the year, the U.S.S.R. reportedly offered a credit of \$7.5 million for development of highways and civil aviation, a hydroelectric plant, sawmill, and salt factory. Proposed terms involve 2.5 percent interest with principal repayable over 12 years in convertible currency. A hospital has also been proposed by Moscow, but no information is available on the financial terms. The Soviet economic campaign in Nepal will probably be intensified with the forthcoming visit of the president of the U.S.S.R. to Nepal, since he is being preceded by a large economic delegation.

TURKEY

In 1955 Turkish-bloc postwar economic relations entered a new phase when Turkey accepted a \$5 million credit from the U.S.S.R. This was closely related to Turkey's economic difficulties stemming from domestic inflation and the resulting shortage of foreign exchange. In July 1957 Turkey accepted a 3-year Soviet credit for the construction of a flat-glass factory and reached agreement in principle for a Soviet-financed caustic soda plant. The glass fac-

tory will be financed under a \$3 million credit at 2.5 percent.

In February 1958, a Turkish bank signed a contract with the U.S.S.R. for the purchase of construction equipment valued at \$2 million with payment to extend over a 3-year period. In September, the government-owned Turkish Sumerbank signed a \$10.5 million contract with the U.S.S.R. for the installation of three textile factories. Government approval is necessary, however, and a final decision is still pending. The U.S.S.R. reportedly will not require a downpayment and offered liberal credit terms: the first payment will be due in 3 months after delivery in 1959; the balance is to be paid at 3.75 percent interest over an unspecified period.

After a prolonged delay, a site for the Soviet glass factory was selected and construction materials began to arrive from the Soviet Union during the summer of 1958.

A large part of Turkish imports of capital goods from the bloc is paid for through clearing agreements and may sometimes involve medium term credits. Among these imports are railway cars, a textile plant, a diesel engine factory, a porcelain plant, and shoe machinery from Czechoslovakia; \$11 million of textile machinery from East Germany; and a powerplant and vegetable oil factory from Hungary.

THE UNITED ARAB REPUBLIC

Both Syria and Egypt have been major targets of the bloc's economic offensive since 1955. In that year the Soviet bloc seized upon the opportunity offered by Egypt's difficulty in marketing its cotton in the West and its desire for arms. In September 1955 Egypt concluded a \$250 million arms deal with Czechoslovakia, mainly on credit, the latter probably acting for the U.S.S.R. The consummation of this agreement was facilitated by the fact that according to its terms Egypt could repay over a period of years either in cotton or foreign exchange.

Syria signed its first military aid agreement with Czechoslovakia for the purchase of \$50 million worth of arms in May of 1956 and another with the U.S.S.R. in November 1956. Economic collaboration with the U.S.S.R. did not begin on a major scale, however, until the October 1957 agreement extending up to \$168 million in credit to finance the cost of equipment and technicians for 19 major projects.

Economic relations between the UAR and the bloc remained at a high level through 1958. At the end of the year Egypt had received an estimated minimum total of \$626 million in bloc credits, of which about two thirds has been obligated and over 40 percent, mostly arms, had been drawn. Syria had received a minimum total of \$322 million in bloc credits, of which almost half had been obligated and about 45 percent drawn, again largely military credits.

(a) Egypt

Egypt began large scale economic collaboration with the U.S.S.R. in January 1958 with the signing of an agreement for a \$175 million Soviet line of credit. The credits are to be repaid partly in Egyptian cotton and other agricultural products and partly in convertible currency over a 12-year period at 2.5 percent interest. Repayments are to begin one year after the plants are in operation. Prices of equipment to be delivered are reportedly in line with world prices.

Annex I of the agreement covers 40 specific projects agreed upon by Soviet and Egyptian authorities. These include geological research and mining, petroleum research and refinery operations, equipment for metallurgical and engineering industries, three textile plants, and other manufacturing enterprises. Annex II lists 25 other projects as potential areas of cooperation.

Contracts for surveys of all projects under the \$175 million agreement, have now been signed. Implementation of the agreement gained momentum during the second half of 1958. Most projects were still in the survey stage but the groundwork was laid for more tangible progress in 1959.

The first consignment of capital goods under the agreement arrived in Alexandria in December and additional shiploads were expected soon thereafter. Contracts signed include textile factories, petroleum processing plants, and iron works. In October the UAR Minister of Industry announced that 72 Soviet experts had arrived in Egypt over a period of several months to undertake final work on Egypt's 5-year industrialization plan and that Soviet-administered technical centers will be set up in Egypt early in 1959.

The highlight of Soviet relations with Egypt in the latter part of 1958 was the Soviet offer in October to provide a credit of \$100 million for the construction of the first stage of the Aswan High Dam, which Egypt accepted in December. The first stage relates chiefly to the construction of cofferdams and diversionary tunnels and will permit a substantial part of the 1.3 million acres that will ultimately benefit from the dam to be brought under cultivation. The U.S.S.R. will extend credit to the amount of \$100 million to cover the cost of machinery and equipment as well as a portion of the expenses of Soviet experts; it is Egypt's responsibility to finance the local costs which may be as high as \$200 million over the next 4 or 5 years. The first stage will begin immediately after the flood season in October 1959.

The UAR is to repay the credit in 12 annual installments beginning in 1964. Interest at the rate of 2.5 percent per annum will accrue from the time each part of the credit is drawn upon. The rate of exchange will be calculated on the basis of the gold parity of the ruble and the Egyptian pound on the day repayments are made. Repayments will be credited to a Soviet account in the National Bank of Egypt and may be used for the purchase of goods in the Egyptian region in accordance with the existing trade and payments agreement.

The UAR will establish a special organization to manage the project and supervise contractors, using Soviet equipment exclusively. Soviet organizations will be responsible for the technical aspects and proper implementation according to a timetable to be mutually agreed upon. The extent of Soviet responsibility for overall execution of the project is still not clear, however.

In August East Germany extended the UAR a credit of \$21.5 million for Egypt's industrialization plan to be used in implementing 20 industrial projects in Egypt. Repayment is to begin 1 year after the receipt of the capital goods and will extend over a period of 12 years. Interest will be at the rate of 2.5 percent per annum. In late 1958 East Germany and Egypt reached an agreement for the purchase on credit by the Bank Misr of Egypt of 100,000 spindles for the production of fine textiles at a cost of \$8.6 million. Repayment is to be made over a period of 7 years at 2.5 percent interest. A ceramics factory financed under a \$1.2 million Czech credit of 1956 may have been completed during 1958.

(b) Syria

During 1958 the UAR did not sign any new economic agreements with bloc countries concerning the Syrian sector with the exception of another arms agreement with the U.S.S.R. in early 1958. Major bloc economic activity in Syria involved the implementation of the Syro-Soviet agreement of October 1957. It is estimated that if all projects listed in the agreement were to be carried through, it would require a Soviet credit of \$168 million to pay the foreign exchange

costs. There is serious doubt, however, whether Syria could cover the local costs of all these undertakings.

According to the agreement, Soviet aid will consist of a line of credit in rubles, as well as technical assistance. The credit will be available over a period of 7 years and is to be used by Syria to pay for technical services and capital equipment from the bloc. The interest rate has been set at 2.5 percent per year and will be calculated for each part of the credit from the date of its use. The U.S.S.R. will accept repayment either in goods or in convertible currency, and it is to be made in 12 annual installments for each portion of the credit, beginning after all machinery for a given project has been delivered.

Soviet technicians were active in Syria during 1958 completing studies on various projects listed in the agreement. Geological experts have been exploring Syria's mineral potential including petroleum, while other experts have recently completed studies related to projected irrigation and hydroelectric undertakings in the Euphrates, Orontes, and Al-Khabur Rivers. More tangible progress is expected in coming months.

In early December, it was announced that implementation of the railway network project will commence in June 1959. This project includes a 750 kilometer line from Al-Qamishli in northeast Syria to the port of Latakia and a 175 kilometer line connecting Damascus with Homs, with an overall estimated cost of \$140 million. These rail lines would greatly facilitate the marketing of Syrian agricultural commodities.

Other Soviet bloc countries appear to be joining with the U.S.S.R. in implementing this economic agreement. In August it was reported that the Syrian Development Board had accepted a Bulgarian offer to build the Ar-Rastan Dam, an important component of the Ghab reclamation project. The project will cost \$8.65 million and is to be completed within 28 months. It appears likely that the same Bulgarian firm will get the contracts for two other dams in the Ghab project. All three dams are listed in the Siro-Soviet economic agreement. In December both Hungary and Bulgaria expressed their willingness to offer technical and engineering assistance to Syria in carrying out industrial projects.

A Czechoslovak firm made satisfactory progress in the construction of an oil refinery at Homs which is scheduled to be completed in July 1959. This refinery is being built under a \$11.3 million credit agreed upon in March 1957. Interest is at 3 percent; 60 percent of the credit is to be repaid at specific times during construction and the remainder over a period of 7 years after completion; repayment is to be in local currency and convertible sterling.

Other Soviet bloc projects are generally proceeding on schedule. In addition to the refinery, the Czechs are also constructing two cement plants and three sugar refineries. The East Germans are providing textile mills, a cement plant, and a shoe factory. Bulgaria is building a grain silo in Latakia, an airfield, and military barracks. It is also engaged in port development work. Several of these projects are believed to have been completed.

YEMEN

Bloc assistance to Yemen began in 1956 with an arms deal calculated to increase Soviet influence in this strategically located country and in hopes of aggravating the border tension between Yemen and the British administered Aden protectorate. Artillery, small arms, ammunition, and aircraft have been furnished at very low prices and a number of bloc technicians have arrived in connection with this agreement.

Credit of \$15-20 million, at least nominally from Czechoslovakia, is involved.

Yemen is also receiving credit of \$41 million from the bloc for a number of economic development projects. The U.S.S.R. is providing credit of \$25 million to be utilized over a 5-year period. It is repayable in 15 years at 2.5 percent interest. Dredging of an entrance channel and deepening of the harbor at Hudeydah is under way and a runway is being built for a new airport north of Sana'a. Work on gasoline storage tanks and various public works may follow but no agreement is known to have been reached. Progress has been fairly slow due at least in part to Yemen's difficulties in providing the necessary local financing. The U.S.S.R. also reportedly offered grant aid in the fields of sanitation, power and irrigation, and mineral exploration. A geological survey was carried out by Soviet personnel in 1958. A number of technicians from the European satellites have been in Yemen working on highway, communications and light industrial projects but the terms under which such projects are being provided are not clearly known. The U.S.S.R., Czechoslovakia, and East Germany have also had medical personnel in Yemen.

Communist China has extended a \$16.3 million interest-free loan repayable in Swiss francs, sterling, or Yemeni commodities. Repayment in 10 annual installments is to begin 1 month after the completion of individual projects. Project agreements have been worked out for a highway, textile mill, a fish cannery, glass factory, tannery, and cement plant. Technical personnel have been in Yemen for several months in connection with all these projects and the first shipment of construction material was expected by early 1959.

YUGOSLAVIA

At the high point of Yugoslavia's cordial relations with the Sino-Soviet bloc following Bulganin's and Khrushchev's visit of June 1955 which initiated an economic as well as political rapprochement, Yugoslavia had accepted a total of \$464 million in economic credits. All the credits had a 10-year repayment period and bore 2 percent interest.

As a result of the bitter ideological controversy of early 1958, the U.S.S.R. suspended the remainder of a \$110 million Soviet investment credit earmarked for a thermoelectric power station, fertilizer factories, dredging equipment and mining improvements as well as the \$175 million joint Soviet-East German credit of August 1956 for the construction of an aluminum combine. Yugoslavia had been able to utilize only a small portion of these credits. Work had already started on one fertilizer factory and on the coal-mining combine. Little progress had been made, however, on the huge aluminum combine in Montenegro under the \$175 million credit.

The installation of a nuclear reactor at the Yugoslav research institute near Belgrade, a Soviet project which was not canceled, was reported to be almost completed at the end of 1958.

The Yugoslav Foreign Office announced in December 1958 that due to Czech obstructionism Yugoslavia had been able to conclude only \$15 million of contracts under a \$50 million Czech capital goods credit and only \$3 million under a \$25 million consumer goods credit. Both were extended in 1956. The Foreign Office indicated that it was unlikely that any further transactions would be accomplished under the credits before they expired December 31, 1958. The \$20 million industrial equipment credit extended by Poland reportedly was fully utilized as was the \$30 million Soviet gold credit. The only bloc credit ostensibly outstanding at the close of 1958 was \$27 million of a \$54 million Soviet raw material credit and it seems extremely unlikely that the U.S.S.R. will allow any further drawings.

Mr. Chairman, surely after reading this impressive record of the Sino-Soviet bloc economic aid program, no reasonable citizen of the United States can remain complacent to an already successfully implemented program of economic penetration. This is war. War on a broad front to dominate commerce and international trade. We can and we must meet this challenge and it must not be too little and too late.

Mr. CHIPERFIELD. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. ROBISON].

(Mr. ROBISON asked and was given permission to revise and extend his remarks.)

Mr. ROBISON. Mr. Chairman, I was privileged this noon to attend the National Press Club luncheon, at which Walter S. Robertson, who is retiring as Assistant Secretary of State for Far Eastern Affairs, was the speaker.

Mr. Robertson did not specifically address himself to the mutual security program, but there are two brief quotations from his remarks that I think we need to consider today. No one is better qualified to speak on our long-range Far Eastern policy than he.

These are the quotations:

We, for our part, help free Far Eastern nations because we understand and sympathize with their desires for economic progress and political freedom. We and other free countries benefit from their advancement. We know that our failure to help them adequately in these critical years would mean the disappearance of free, independent governments in the Far East and probably the eventual loss of a free America. Our policy is just that realistic.

The second quotation taken from his remarks is this:

It is easy to give in to one's apprehensions and to become fascinated with one's own mistakes. Yet we must not let our disappointments and frustrations with seemingly insoluble problems take their toll of our long-term efforts and programs in international affairs. To do so could be disastrous. The United States has no reason to be discountenanced by its record in world affairs. It has every reason to be reassured and to carry forward resolutely with the task on which it is now embarked.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. GALLAGHER].

(Mr. GALLAGHER asked and was given permission to revise and extend his remarks.)

Mr. GALLAGHER. Mr. Chairman, I rise in support of the mutual security bill as offered by our committee. We have spent 11 weeks in hearings, covering 2,000 pages, held 44 meetings, and listened to 90 witnesses. We reached a conclusion and the bill offered here is a product of our conclusion. There was a variety of thinking in the committee but the bill as reported out has the bipartisan support of the members.

It would be extremely easy to inject political considerations into this particular area of legislation. It would, however, be unconscionable. This is not a matter of partisan politics.

For we cannot be unmindful that we stand under the ominous shadow of Geneva. What was supposed to be a thaw in the cold war has developed into

a deep freeze as the foreign ministers make one last serious effort to negotiate. Again Khrushchev proves his point that only he speaks for the Communist world, and then seeks to further humiliate the Western World by forcing this meeting on his terms.

I feel that the mutual aid program is the best solution to the problem of survival for free nations in a world in which there are conflicting ideologies, and men of great power and few scruples who would enslave all humans to achieve total power and domination of the universe.

It is a fact that no single nation today, no matter how powerful and affluent, could protect itself in a major aggression. The history of the last half century is marked not by wars between nations, but by conflicts between groups of nations. There is a continuing struggle between systems and philosophies. Thus, we find those nations which pursue a system of free and democratic government have a common enemy in the bloc of nations which pursue the Communist way of life.

With the tremendous advances in communications and transportation, no nation can any longer live within itself, or by itself. Nations must work and exist in relationships with all other nations.

It is time that we stopped wincing under the grimaces of Khrushchev and stopped contemplating the Communists as giants too fearsome to behold. They are possessed of far greater anxieties, tensions and neuroses than we. It is time to stop talking about the good old days of irresponsibility and to recognize that if they ever existed they have ceased to exist with the emergence of the malignant cancer of communism. We have today obligations and responsibilities. We assumed these when we accepted the moral leadership of the free world. Part of that acceptance of obligation and responsibility is the passage of this mutual security bill. It is a recognition that mutual security is a partnership of the free people in the world who are intent on maintaining that freedom.

Some people blindly ignore the Communist emergence because it cannot be figured within the prescribed precepts of budgetary analysis. Others find it distressing or unpleasant to look upon the Communist cancer and thus accept the cure or preventative as an even greater burden than the disease.

This bill is a preventative against the spread of this malignancy.

It was our hope that greater emphasis could be placed on economic assistance rather than military assistance and this bill reflects that attitude. Nevertheless, both phases of this program are equally important. For if we did not have a military program to secure freedom in the world there would be no forum for economic assistance. Both these programs are of prime importance.

Let those who are critical of this program reflect that in the search for parochial applause they are sacrificing our national responsibility. This is an area that can win no votes as a district proj-

ect, but it is an area where we are asked to exercise our political maturity.

So let us not be discouraged by the lack of Russian cooperation in Geneva. Our fate lies in our own hands. It is the destiny of our generation to combat communism. We are not in the twilight of our glorious heritage. We are in the early hours of world ascendancy and the will to survive and our honor is being tested.

In the days ahead, we shall have many tests, but if we meet them with vision, with determination and resolution, America will outlast a thousand Khrushchevs.

If we hold the flame of freedom high enough and strong enough, it can never be blown out by the bad breath of Khrushchev or any other dictator.

The political halitosis of communism is not pleasant to experience, but it is not sufficient cause to abandon our position as long as we possess the sweet breath of freedom. We can do our part today in preparing for tomorrow's test by passage of this bill.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield.

Mr. McCORMACK. Mr. Chairman, I want to congratulate our colleague, the gentleman from New Jersey, on the able speech he has made. I have watched the gentleman from New Jersey as a new Member of the House of Representatives. He has become a very valuable Member of the House and of the Committee on Foreign Affairs. I have had the opportunity and the pleasure of talking with my friend, the gentleman from New Jersey, on several occasions in connection with this bill while it was pending before his committee, as well as in connection with other matters related to the conduct of our foreign affairs. No new Member, Mr. Chairman, has taken a more active interest in this important field than the gentleman from New Jersey.

Mr. GALLAGHER. I thank our great majority leader, and I shall treasure his words.

Mr. CHIPERFIELD. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. LINDSAY].

Mr. LINDSAY. Mr. Chairman, as a new Member of Congress, I have listened attentively to the debate on this bill. Moreover, I have studied with some care the report of the Committee on Foreign Affairs. Certainly any measure that involves more than \$3,600 million deserves the most careful consideration by every Member of this body. To do less than that would be a disservice to the constituents whom we represent.

I want to call attention at this time to a few features of the bill that have particularly impressed me.

The reduction by \$160 million in the military assistance portion of the bill as well as reduction of defense support of \$85 million is evidence of our concern in Congress that tighter programing and more careful administration will produce the economic benefits which we seek to accomplish in certain of these nations.

I heartily support the committee's stand in recommending the authorization of the full amount requested by the administration for the technical cooperation programs. These programs, modest as they are in each country, make a strong impact upon the individual citizens of our allies and of friendly nations, in essential fields such as agriculture, public health, and education. This program, which was administered for the Latin American countries by the distinguished Governor of my State, the Honorable Nelson Rockefeller, is one which has had a long and successful history of accomplishments.

Like many other Members, I am concerned with the continued program of Israel. While a specific amount is not mentioned in this bill for any country, I am pleased to note the following language in the committee's report:

Since 1951 the United States has furnished assistance to Israel in varying amounts according to the estimated needs of that country each year.

Israel still suffers from a deficit trade balance, largely due to resettlement of her population. That trade deficit, which this year will amount to approximately \$340 million, has been covered by German reparations, the sale of bonds in other countries, charitable contributions, and in small amount by the U.S. aid program. Israel will be confronted by grave problems in the years ahead when reparations come to an end. Israel is presently in need of hard currency for oil, which she is unable to purchase from her neighbors. Funds are also needed for industrial imports for her economy which is not yet on a self-sustaining basis.

The committee is of the opinion that special assistance to Israel should be continued at the current level in the 1960 fiscal year program. Administration witnesses assured the committee of their willingness to give effect to the committee's views.

I regret that the committee slashed the contingency fund from the \$200 million requested by the Executive to \$100 million. As the members of the committee themselves have pointed out in floor debate, the purpose of this fund is to take care of unforeseen situations that may arise. Certainly the fluid conditions in the present world should make apparent that this is one area where Executive discretion should be recognized and adequate sums provided.

Finally, I am pleased to note, as the committee itself has pointed out in its report, that there have been a number of substantive changes in the administration of this program, which will reduce waste and inefficiency and thereby reduce unmerited criticism against the overall objectives of the mutual security program. I feel that I can cast my vote for H.R. 7500 without any mental reservations.

Mr. CHIPERFIELD. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. DOOLEY].

Mr. DOOLEY. Mr. Chairman, after hearing the splendid oration of the gentleman from Minnesota, Dr. Judd, explaining the motivation and the philosophy behind this program, I feel there is very little more that can be added to what our colleague has said. Nevertheless, I rise in support of the bill, H.R. 7500.

There are those in this country who take pleasure in repeating platitudes and there are those who take pleasure in trying to destroy a great national effort with a derogatory phrase. Whenever I hear someone call our foreign aid program the "great giveaway," I am concerned over that person's knowledge of the facts and of his erudition on the subject.

Eugene Castle, a clever man with a self-appointed mission—namely, to stop the spending program in behalf of other countries—coined the phrase "The Great Giveaway," as the title of his book.

Now there can be no denying that in an enterprise as vast and far-reaching as one comprising several billion dollars, there is bound to be a great deal of waste in material and administration and a great deal of ineptness and bungling in the handling of personnel. In other words, there is much in what Castle says in his book; but despite the waste in our foreign aid program, it has had very little effect on our domestic economy. We are enjoying the greatest prosperity in our history, with the highest gross national product predicted for this year, the highest employment levels in history, and great opulence throughout the land.

If we are to pursue our course of helping our allies and the people of underdeveloped countries, how can anyone suggest a method of retrenchment at this date? The currents of history and the dynamics of our times speak eloquently for a foreign aid program. To curtail it more than we have would be sheer folly and false economy.

Obviously, we are not giving our money away for charitable purposes. Ours is a course of enlightened selfishness. For example, if we were to station our own troops in certain foreign countries, such as Turkey, Vietnam, Laos, or Cambodia, in large numbers, the costs would be overwhelming. We are defending our bastions of strength with native troops in many areas at costs that are infinitesimal when compared with the cost of American troops. A Chinese soldier costs us \$350 a year to maintain; a Turkish soldier, \$750; an American soldier, \$7,000 a year. Let us not deceive ourselves. The foreign aid program is here to stay for some years yet—at least until there is a better climate for peace in the world.

So long as Russia continues its course of ignoring the sanctity of international negotiations, of degrading international protocol, and of subverting weaker nations, our foreign aid program will be a necessity.

Our surplus wheat crop has already cost us \$3 billion for storage. And in the farm program the State of Iowa raised approximately \$260 million.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. DOOLEY. Gladly.

Mr. O'HARA of Illinois. The gentleman mentioned the name of Eugene Castle. While I do not agree with Eugene Castle in some of the things he said, I do want to put in the record that Eugene Castle is a great American and he has a great past. He is my personal

friend even though I do not agree with him in some statements he has made.

Mr. DOOLEY. I thank the gentleman and agree with him. I can say that Eugene Castle is my friend, but we do not agree on this particular subject.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Vermont [Mr. MEYER].

Mr. MEYER. Mr. Chairman, U.S. relations with other nations and peoples must be improved if we are to accomplish that which has been impossible in the past, namely, the establishment of peace. I say that we are going to do this because we know that we must do it. Somehow we will develop more positive policies to promote international justice and international law.

I am going to support this bill because I believe that the committee has made considerable progress in redirecting the course and objectives of the Mutual Security Act. Everyone knows that it is far from what I would like it to be and everyone knows that it will be criticized in the future even if to a lesser degree than in the past.

My additional views as listed in the committee report express a good bit of my thinking and possibly convey the convictions of many of my colleagues as well as the reasoning of increasing millions of Americans who will make their voices heard in the councils of the world. This swelling tide will join with others stirred by the peoples of every land who know that governments were created to serve man not to destroy him. Together, we will establish a new world of peace, of justice, of freedom—a world of brotherhood and progress.

No bill can fully be approved by anyone or everyone. For instance I have the following doubts: Although I would like to see this bill establish greater congressional control over foreign aid and further limit military influence; although this bill overemphasizes military deterrence and underemphasizes American spiritual and moral values; although it has not sufficiently blocked channels of waste and poor planning; although it has not concentrated enough on the positive and on the use of international organizations such as the United Nations; although this bill still pays too much heed to the shadows of negative antagonisms where dwell the forces of might and competition, however, it has turned toward the light of positive actions where live the powers of right and cooperation. And for this reason, I will support it.

I think and hope that we have turned a fateful corner and that further progress can be made in the next few years. I do not say that good amendments from the floor will not improve this bill, but I do say to my colleagues—and particularly to the 40 or so who have jointly explored foreign policy in our discussions—that our efforts should be directed toward the creative and positive. We can profitably recall a quotation from Thomas à Kempis:

Be not angry that you cannot make others as you wish them to be since you cannot make yourself as you wish to be.

Mr. CHIPERFIELD. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, unlike the gentleman from Minnesota [Mr. JUDD], who says that because this is the same bill that we have had here year after year he did not know where to begin his remarks, I do not know where to begin to ask questions about this bill in the 5 minutes that have been allotted to me because there is so much that needs explaining.

I might as well begin with the guarantee fund and ask somebody on the committee to explain what is proposed. How much money is in this bill for the guarantee fund?

Mr. JUDD. This bill as it comes from the committee would increase the authorization for the making of investment guarantees from \$500 million to \$1 billion.

Mr. GROSS. Is that the provision on page 10 of the bill, which reads subsection (b) (4) (F), striking out \$500 million and substituting \$1 billion? Is that what that means?

Mr. JUDD. Yes; but that does not involve new money.

Mr. GROSS. Is that what it relates to?

Mr. JUDD. Yes.

Mr. GROSS. Would the Foreign Affairs Committee next year mind putting in line items so that Members may know what is in the bill and the purpose of the spending?

Mr. JUDD. It is all included under the Ramseyer rule. If you will look at the back of the report, you will find the entire Mutual Security Act, so anybody can find exactly the changes in it that are made by this bill.

Mr. GROSS. The Foreign Affairs Committee has kept me busy reading the hearings, and I have not had an opportunity to read all of the report. I suggest again that next year you do us the small favor of putting in line items so we will know what at a glance is proposed. So that is the guarantee fund?

Mr. JUDD. That is right.

Mr. GROSS. Is it proposed that the Ronson Co. be guaranteed in the production of cigarette lighters in France, the Knott Hotel Corp. be guaranteed in the purchase of a hotel in the United Kingdom, and the American Motel Co. be guaranteed on their investment in motels in Italy?

Mr. JUDD. If the gentleman will read the investment guarantee section, no guarantee can be issued unless it meets certain conditions. It has to be economically sound, and it has to contribute to the development of the country.

Mr. GROSS. Does the gentleman know of any reason why we should guarantee the Knott Hotel Corp. on anything in the United Kingdom?

Mr. JUDD. No business type of investment is guaranteed. We do not guarantee they will make a cent.

Mr. GROSS. I did not say that. Why should we guarantee them as against expropriation and as to convertibility of currency? Tell me exactly why.

Mr. JUDD. Is there a guarantee to the Knott Hotel Corp. in building a hotel in Britain?

Mr. GROSS. Yes; in the United Kingdom.

Mr. JUDD. If the gentleman has discovered that, I am not aware of it.

Mr. GROSS. Another American outfit is building motels in Italy. Why should we obligate the American people to guarantee anybody in the building of motels in Italy?

Mr. JUDD. There are certain countries in which the economy has been shaky and this is to help them through encouraging investment of private capital from the United States.

Mr. GROSS. It cannot be very shaky in the United Kingdom, because the British have announced a billion dollar cut in income and beer taxes.

Mr. DINGELL. Mr. Chairman, I make the point of order a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Eighty-five Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 88]

Baker	Dollinger	Rivers, S.C.
Barden	Fallon	Rostenkowski
Barrett	Fogarty	Shelley
Boykin	Garmatz	Sheppard
Brooks, Tex.	Goodell	Siler
Brown, Mo.	Hagen	Sisk
Buckley	Harris	Smith, Miss.
Cahill	Hébert	Steed
Canfield	Hollifield	Taylor
Celler	Kirwan	Thompson, La.
Cohelan	Macdonald	Vinson
Cooley	Minshall	Westland
Daddario	Moore	Whitten
Davis, Tenn.	Morrison	Willis
Dawson	O'Neill	Wilson
Dixon	Powell	Withrow

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 7500, and finding itself without a quorum, he had directed the roll to be called, when 385 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Iowa is recognized.

Mr. GROSS. Mr. Chairman, I call attention to testimony appearing in the hearings on page 364 and running through page 365, having to do with the building of a paint shop in some foreign country. The name of the country is not given for alleged security reasons. It is referred to as Country X. The biggest naval ship this country has is an old destroyer we gave. So we apparently put up the money to build a paint plant to paint one destroyer and a few other small naval craft. I wonder if we could find out what country it is where we are building a paint plant under such conditions?

Mr. MORGAN. I would remind the gentleman that the names of countries are classified. There were other vessels to be painted besides destroyers that made this factory necessary.

Mr. GROSS. I notice on page 368 a statement by Mr. JACKSON, a member of the Foreign Affairs Committee. He said:

I think we should get out of the paint business.

If it is possible for Ethiopia to buy excess paint, I would hope it could be worked out so we wouldn't have to be sending paint to Ethiopia or any place else, in a regional area.

Mr. HOFFMAN of Michigan. What color was the kind of paint they turned out?

Mr. GROSS. I do not know.

Now I would like to go a little further in the bill and ask a question concerning the International Development Advisory Board. Is there such a board officially in existence today?

Mr. JUDD. Yes.

Mr. GROSS. When was it reconstituted?

Mr. JUDD. It was in the legislation last year, and it was reconstituted since we discussed this last year. They have been holding meetings and making studies in the last few months.

Mr. GROSS. Is Mr. Eric Johnston the chairman of it?

Mr. JUDD. No, sir.

Mr. GROSS. He was a former chairman of this board.

Mr. JUDD. Not in recent years.

Mr. GROSS. Mr. Eric Johnston resigned August 3, 1957, as I understand, and there was an interim appointment a year later of one Mr. Bullis, as chairman, and the appointment of a Mr. Schmeisser as executive director. Is that right?

Mr. JUDD. He is the present chairman. That is right, and the next official on the board is a Mr. Allan B. Kline, former President of the American Farm Bureau.

Mr. GROSS. Is that the same Mr. Schmeisser who went over to the White House last year and helped mastermind a big propaganda job on the Congress? Is that the same Mr. Schmeisser?

Mr. JUDD. I understand he was executive secretary.

Mr. GROSS. Now he is back on the payroll of this International Development Advisory Board.

Mr. JUDD. I do not know.

Mr. HOFFMAN. Why do you not ask who is not on the Board? That would save a lot of time.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. ROOSEVELT].

(Mr. ROOSEVELT asked and was given permission to revise and extend his remarks.)

Mr. ROOSEVELT. Mr. Chairman, I rise for the purpose of congratulating and commending Chairman MORGAN and the members of the Foreign Affairs Committee for their conscientious and comprehensive consideration given to our mutual security program in its many aspects.

The mutual security bill we are asked to consider and to vote on, H.R. 7500, is a reflection of sincere and long hours of work and of our Nation's stake in the future of our country and the free world to which we seek additional subscribers.

The measure before us also points up an important fact—that is, more emphasis on economic assistance and less on military aid where experience has demonstrated that this is a sensible thing to do. The cuts made in military and defense support are not drastic but realistic, and the increase in the Development Loan Fund authorization also is part and parcel of the committee's view "that the economic objectives of our aid must be more in the forefront, that DLF is operating on a sound, workmanlike basis, and that the backlog of sound projects more than warrants this increase."

Mr. Chairman, one final comment, I believe, is warranted. Very frankly I am concerned by the fact that this administration has not given to the American people a fuller and deeper understanding of the inescapable need for a mutual security program. While I have received ample mail in support, I must say I am concerned by the amount of the other type of mail I have received which, on the basis of the reasons expressed therein, is a clear indication that the full implications of our foreign policy objectives have not been adequately or properly explained by those who must carry this responsibility to do so, and whose office carries with it the means to do so.

Those who have written to me in opposition to expenditures on the foreign affairs front never refer to our efforts in terms of "mutual security"—and I would underscore these interrelated words—but rather as foreign aid or an out-and-out giveaway program which, it is argued, brings no results to our country, which has no direct results abroad and thus is a waste of taxpayers' money.

Certainly this type of thinking indicates to me that the administration needs to explain more frequently and in a better fashion what is meant by mutual security, the pressing need for it, and the dire consequences that would follow if we were to assume an ostrich-like stance in our relations to the rest of the world.

I well recognize, of course, that there are, and no doubt will continue to be, vestiges of isolationism, even though we have had the mantle of world leadership placed on our shoulders. However, I am convinced that this type of thinking on the part of some admittedly sincere citizens remains because we have not as yet performed the task of explaining our mutual security program in basic, concrete terms, and yes, even to explain some areas of waste and our desire to eliminate this weakness in the overall program.

Perhaps the most effective thesis that could be developed to clear away any misunderstanding in this area of our national affairs is to remind those who are opposed to our active participation in world affairs that isolation for the land of the Americas ended in 1492.

Subsequent events most assuredly bear out this contention.

Mr. Chairman, again, I offer my congratulations to the Foreign Affairs Committee chairman and members for the fine job done in behalf of the free world.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. SELDEN].

Mr. CHIPERFIELD. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. SELDEN].

Mr. SELDEN. Mr. Chairman, I join with my colleagues on the Committee on Foreign Affairs in paying tribute to the chairman of our committee, the Honorable THOMAS E. MORGAN. Under Dr. MORGAN's able chairmanship, the hearings on the mutual security authorization bill have been impartial and extremely thorough and certainly he deserves a vote of thanks for a job well done.

These hearings extended this year over 11 weeks. During that period of time we had 44 sessions. Ninety witnesses testified, including a number from private organizations, and the printed hearings cover almost 2,000 pages. I do not know of any individual who was denied an opportunity to present his views.

I mention this inventory of activity in order to point out that even the most severe critics who appeared before us did not advocate the immediate termination of the mutual security program. Spokesmen for one group did call for a tapering off of assistance over the next several years. But the emphasis of almost all was on improving the operation of the program.

In supporting the mutual security bill again this year, I do so because I am convinced this program is a necessary part and parcel of the defense effort of our Nation. There is, of course, continuing disagreement over the question of whether we should put more emphasis on the military or economic phase of the mutual security program. Those who disagree, however, usually concede that it would be extremely dangerous to abandon either military or economic assistance at this chaotic period in world affairs.

The Soviet Union is continuing its economic and political penetration in an effort to whittle away the non-Communist world. To gain economic favor, the Soviets have combined a policy of aid and trade with the nations of the free world. This system of barter is aimed at isolating the non-Communist world from the basic commodities and raw materials essential to our economic survival. Thus, the future of our economic relations with the world is at stake as the solvency of our economy is dependent upon our access to raw materials and markets throughout the world.

To combat the Soviet economic threat, the bill now under consideration includes \$2.2 billion for economic aid in various forms including defense support assistance. Wisely administered, the economic assistance program can play a decisive part in determining the outcome of the present struggle between communism and the free world.

Regardless of the Soviet emphasis on economic warfare, however, the military peril has not changed sufficiently to warrant any letup in our defenses. Unquestionably, military assistance is essential to U.S. military strategy and the mutual security of those countries outside the Iron Curtain.

The United States maintains more than 250 military bases overseas, and the effectiveness of our planes and weapons would be seriously impaired without these strategically placed installations. Secretary of Defense Neil McElroy and Gen. Nathan Twining, Chairman of the Joint Chiefs of Staff, both emphasized the importance of our overseas installations and their connection with the mutual security program during their testimony this year before the Foreign Affairs Committee.

Secretary McElroy stated:

It would be shortsighted indeed if this Nation spent over \$40 billion on its own Military Establishment and then declined to spend the much smaller sums needed to maintain and modernize the forces of our allies which are essential to our whole defensive concept, and without which our own military expenditures would have to be enormously increased.

General Twining said in his testimony:

Our military assistance program constitutes an important part of the consideration given in return for the establishment and cooperative use of our overseas system of bases and facilities. The importance of these bases and facilities to us is highlighted by the repeated Soviet attempts to deprive us of them. There can be no better reason for their continued existence. * * * Without our military assistance program, the United States would require more men under arms both at home and overseas.

Admiral Arthur W. Radford, USN, retired, further emphasized this point when he told the committee this year:

The military assistance program is an adjunct to our own Armed Forces. In fact, it is an extension of our own Armed Forces. And it should be considered to be just that in all of our national thinking. There is no doubt that U.S. military forces would have to be expanded at greatly increased cost were it not for the military forces of other free world nations supported by our military assistance program. And I would say emphatically that if those other military forces were not available we would have to revise radically not only our entire military program but also our present strategic concept. * * * The United States alone simply does not have available the forces necessary to match the Communist bloc in manpower at every point of possible aggression around the world. Nor could the United States alone afford to maintain such forces on active duty for an indefinite period.

As reported by the Committee on Foreign Affairs, the bill authorizes an appropriation of \$1.44 billion for military assistance during fiscal year 1960.

This year, as in the past, I have offered and supported amendments to the mutual security bill for the purpose of reducing authorizations that I felt were excessive. This year I offered an amendment, which the committee adopted, to reduce the authorization for defense support by \$85 million. I also supported other amendments which re-

sulted in an initial reduction of almost \$367 million from the authorization requested by the administration.

I did not support the action of the committee, however, in adding \$100 million to the Development Loan Fund, thereby increasing the total authorization for the Fund to \$800 million. As a firm proponent of loans rather than grants, I support the Development Loan Fund as an important and necessary part of the mutual security program. At the same time, I cannot overemphasize the necessity for carefully administering this program. To increase the Fund's authorization by \$100 million more than has been requested by those who administer it will, in my opinion, result in unwise expenditures. Since I have been a member of the Committee on Foreign Affairs, I have never known the executive branch of our Government to request for the mutual security program an amount less than was needed. Therefore, it is my conviction that the authorization of additional funds for the Development Loan Fund is not justified at this time.

I have said in the past, and I repeat again today, that no bill coming before this House demands more careful scrutiny than the mutual security bill. There are several reasons for this. It involves a large sum of money. It affects, directly and indirectly, our foreign relations in every part of the world. It supports a program that is the most difficult to measure in terms of accomplishments.

During its deliberations this year, our committee gave serious consideration to suggestions and recommendations for improving the means of checking on the program's operation. This bill embodies a number of them. One of the amendments contained in the measure now under consideration provides for the establishment of the Office of Inspector General and Comptroller immediately under the Coordinator. The functions entrusted to this individual are far reaching. But he has been given that broad authority in order that responsibility for maladministration may be pinpointed. It is too easy in a program that is global in scope and relying upon the support of a number of departments and agencies to shunt responsibility back and forth and cover up deficiencies through actions of executive committees.

Another provision in the bill calls for more precise and detailed information in future presentations to the Congress of authorization and appropriation measures for mutual security. This is not a matter of getting more information. It is a matter of getting more meaningful information so that we can make judgments better informed on the direction of the program.

Yet, despite the continuing efforts of both the executive and the legislative branches of our Government to eliminate waste, I would be the first to admit that unnecessary expenditures are still being made in connection with the overall mutual security program. I am convinced that as long as this program is necessary for the safety of our Nation,

the problem of wasteful spending must be constantly attacked. A careful and continuing review by the legislative branch of our Government is and must continue to be an important part of that attack.

Mr. Chairman, while I do not agree with every section of the mutual security authorization bill and reserve the right to support any amendment that I believe will improve it, I intend to vote for H.R. 7500 on final passage, as I believe the mutual security program continues to be a vital part of the defense efforts of our Nation and the free world.

Mr. CHIPERFIELD. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. HARDY].

Mr. HARDY. Mr. Chairman, I want to express appreciation to the gentleman from Illinois [Mr. CHIPERFIELD] for giving me this time. I feel it necessary to call to the attention of the House a misstatement, or maybe I should say misstatements, in the press conference yesterday conducted by Mr. Lincoln White, chief of the news division of the Department of State, which appeared this morning in the New York Times, relating to a report released by my subcommittee yesterday. I have just within the last few minutes received a copy of the transcript of the conference as it relates to this matter.

I do not want to attribute to Mr. White a deliberate attempt to make misstatements, but I do want to say unequivocally that he has made a misstatement of fact and I want to set the facts straight. At one point Mr. White had this to say, in referring to our report, and to a reference in that report to Mr. Parsons:

Before the end of the hearings Deputy Assistant Secretary Parsons wrote twice to Congressman HARDY offering to testify on this subject and on related matters which were discussed before Mr. HARDY's subcommittee. Mr. HARDY has neither called Mr. Parson to testify nor has he answered those two letters.

I consider this to be a very serious charge.

Now I want to give you the facts, and let you draw your own conclusion as to the accuracy of that statement, and whether it is an attempt to deliberately mislead the American public.

Mr. Parsons did testify before our committee in the initial stages of the hearings. At the conclusion of a subsequent hearing, in which testimony relating to Mr. Parsons was received and contained certain matter which might have been considered to be derogatory to him, I spoke to the representative of the Department of State who was present and said: "I think you should convey to Mr. Parsons the information which was developed in the course of the hearing today and tell him that we shall be glad to hear him at any time that he wishes to testify concerning these matters."

Shortly thereafter, I received a letter from Mr. Parsons which is in our record and which will be included in the printed hearings. I shall read a portion of that letter because it bears on this matter. It is dated April 3.

DEAR MR. HARDY: I had been hoping that after the Easter recess I would have the

privilege of appearing again before your committee in open session as there were several references to me in testimony given by Mr. Haynes Miller with which I would like to deal. I have, however, just been directed to substitute for Assistant Secretary Robertson at the forthcoming SEATO meeting in Wellington and the subsequent annual conference of our Ambassadors in the Far East to be held in Baguio later in the month. I will, of course, be at your disposal any time after my return early in May but in the meantime should like to make several points clear.

He then discusses in his letter several of the points which were brought out in the testimony, but he does not discuss them in any detail nor give any real evidence to support his own position.

Mr. Parsons then left the country and was gone for some period of time. During his absence, we kept in close contact with the Legislative Liaison Section of the Department of State, trying to determine when he would return and when it would be convenient for him to appear again. We wanted to afford him every opportunity to dispel the inferences that he felt were false or improper concerning his own actions, while Ambassador to Laos.

On May 20, following conversations with the Legislative Liaison Section of the Department of State, relative to the possible reappearance of Mr. Parsons before the subcommittee, we received another letter from Mrs. Parsons. I shall read only a couple of paragraphs of that:

DEAR MR. HARDY: I have just returned from my tour of the Far East and, as I suggested in my letter of April 3, 1959, I am available to provide information which you may desire to have from me. I have learned that your subcommittee has discontinued its hearings on the mutual security program in Laos but I should like to offer for your information the following general comments on testimony which was given during my absence.

And he makes some general statements about that testimony.

The CHAIRMAN. The time of the gentleman from Virginia [Mr. HARDY] has expired.

Mr. CHIPERFIELD. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. HARDY. Mr. Chairman, I thank the gentleman from Illinois for his kindness in yielding me this extra time. I am hoping to avoid having to raise the question of personal privilege.

To begin with, Mr. Parsons' statement that the hearings had been concluded was wrong and we immediately so advised the Department of State.

Mr. Parson's letter of May 20, which I quoted, also made reference to some testimony before the Committee on Foreign Affairs, which was not pertinent to our record. And, as a matter of fact there was quoted in that letter, a statement which he made to the Committee on Foreign Affairs, which was in direct contradiction of testimony and documentary evidence received by our subcommittee. As a consequence, we could not put that unsworn letter in the record.

We drafted a letter replying to Mr. Parsons, but before sending it I directed

the subcommittee staff to discuss it with the Legislative Liaison Section of the Department of State. They were asked to send a representative up to discuss the matter on behalf of Mr. Parsons. A representative came up, and we read to him the letter which was prepared to go to Mr. Parsons. Because of that conversation we did not send it. The letter which was prepared, and which was read to Mr. Parsons' representative, reads as follows:

DEAR MR. PARSONS: I have your letter of May 20 commenting on certain testimony taken before my subcommittee relative to the U.S. aid program in Laos.

I regret to inform you that this document cannot be included in the record, since in several respects it does not accord with sworn testimony and documentary evidence. However, if you wish to be heard on the points covered by your letter, it is suggested that you so notify the subcommittee.

Our study of Laos has not been concluded and further hearings will probably be held at an early date. It is therefore suggested that you notify me at your earliest convenience in the event you wish to testify.

Although that letter was not mailed, an oral invitation for Mr. Parsons to appear was conveyed to his personal representative, and if Mr. Lincoln White did not know that he had not taken the trouble to ascertain what the facts were.

Subsequent to that, and as evidence that Mr. Parsons was familiar with this conversation and was familiar with the fact that his personal representative had discussed the matter with our subcommittee, we had a further letter from Mr. Parsons dated May 29 asking that the portion of his letter of May 20, which was in conflict with other testimony before our subcommittee, be deleted. I am not permitted to read that letter because it was classified as confidential by Mr. Parsons. Why it is so classified I do not know, unless it is that he did not want anybody to know that he had asked for that part to be deleted.

Mr. Chairman, I submit this whole incident constitutes an improper suggestion by the Department of State that the subcommittee did not accord Mr. Parsons every possible consideration, and I label as a distinct falsity the statement which Mr. Lincoln White made on behalf of Mr. Parsons.

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. COFFIN].

(Mr. COFFIN asked and was given permission to revise and extend his remarks.)

Mr. COFFIN. Mr. Chairman, one of the marks of our coming of age as a Nation is the new interest in our fiscal position in the world. The time was not long ago when such matters as our net export balance of trade or the level of our gold stocks would be among the least newsworthy items. Today they rate headlines.

Our interest in basic economic behavior, facts, and theories is a healthy one. But an interest based on panic and a distorted perspective can be hazardous.

At the moment, we are being held in the spell of a new, sophisticated, and not completely understood fear. It is the fear that our country has suffered, is suffering, and will continue to suffer from a loss of its gold stocks. The opponents of our foreign aid programs tie this fear to the aid program and argue against it on the basis of this new set of economic data. They are aided and abetted by the attractive thumbnail description, "flight of gold."

It is well that we pause, seek out the facts, in perspective, and the implications from these facts.

THE FUNCTION OF GOLD

First of all, it is important to realize what the function of gold is in the world of today.

The gold stock of the United States serves two essential purposes: (1) a reserve for Federal Reserve notes and deposits; and (2) a means of settlement of international balances.

The Treasury gold stock is the reserve for our currency and bank credit structure. The Federal Reserve banks must hold a legal reserve of a minimum of 25 percent in gold certificates against their outstanding notes and deposit liabilities. Federal Reserve notes form the major part of our currency. Deposits at the Federal Reserve banks constitute the legal reserves of member commercial banks. The gold stock of the Treasury, therefore, is an ultimate reserve against notes issued and bank deposits. At present the Federal Reserve banks have gold certificate reserves of over 40 percent of their note and deposit liabilities or about \$8.5 billion in excess of their required reserves.

The gold stock of the United States is also available for the ultimate settlement of balances arising from international transactions. Under the authority of the Gold Reserve Act of 1934 the United States maintains an international gold bullion standard under which the Treasury buys and sells gold in transactions with foreign governments and central banks for the settlement of international balances and other legitimate monetary purposes. The Treasury does not sell gold to private foreign persons or companies.

The world's gold, except for private hoarding in nations such as France and India, is all held by the world's treasuries and central banks.

Each nation continues to fix a gold par value of its currency—in the United States, the dollar is worth 0.888761 grams of gold, which means \$35 an ounce. Thus balances owing from one nation to another can be converted into a quantity of gold and payments made by a transfer of gold.

Typically, a nation that exports more than it imports first builds up holdings of foreign currencies. If it builds up dollars, it can then go to the U.S. Treasury and convert the dollars into gold at \$35 an ounce. If it is short of dollars it can sell gold to the Treasury and get \$35 for each ounce sold. This is the

mechanism for settling international accounts.

For many years, beginning with the years immediately preceding World War II, the United States accumulated more and more of the free world's gold supply until in 1949 we had 70 percent of the free world gold. When we bear in mind the basic function of gold—to serve as a balancing item in international accounts—we must realize that this monopoly was an imbalance, an unhealthy localizing of what should be a widespread international lubricant.

As Rudolf H. Hertz, vice president of the Merchants Bank of New York, has said:

Let us not forget that no country can live with a huge pile of gold and no trade. France made that mistake 25 years ago when she barricaded herself behind the biggest hoard of gold and the Maginot Line—once thought to be impregnable.

NEEDED: A SENSE OF PERSPECTIVE

When we talk today about our gold position, we are like primitive painters. Everything is in the foreground; nothing is in the background. We have nothing by which we can judge our present position. A few facts should serve to put the problem into perspective.

First. The level of our gold stock today is \$20.3 billion. This is the same level as in 1945—when our stocks had, as I have said, greatly accumulated—and is \$7.7 billion above the level immediately before World War II—end of 1937. It is also over half of the free world's total gold stock. Although our law requires that we have on hand 25 percent of outstanding notes and deposit liabilities in gold, we actually have over 40 percent of these liabilities in gold.

Second. We got this gold through abnormal as well as normal events. In other words, during the depression years, we had a large surplus in our transactions with the rest of the world. There was also a tremendous flow of "scare" money flowing from Europe to New York. In 8 years, from 1932 to 1940, our gold stock rose from \$4 billion to \$22 billion, much of this through international transfers. During the war some of our gold flowed out again, but by 1949, with the United States having the world's markets to itself, our gold stock rose to \$24.6 billion, with the rest of the world having only \$10.5 billion.

Third. As might be expected, since 1949, other nations have been recovering some of our war years' hoard. In the 13 years since 1945, the United States has gained gold in 7 years and lost it in 6 years. From 1949 to 1957 our gold stock declined from an abnormal high of \$24.6 billion to \$22.8 billion. This was universally interpreted as a healthy sign that the free world was getting on its feet.

Fourth. We are holding our own in total world exports, even against vigorous competition. Dr. Edward M. Bernstein, a former Assistant Secretary of the Treasury and director of research for the International Monetary Fund,

has prepared the following table of our percentage of world exports:

	U.S. share (percent)
1950-----	17.7
1951-----	18.5
1952-----	18.4
1953-----	17.0
1954-----	17.0
1955-----	17.1
1956-----	18.7
1957-----	19.4
1958-----	17.2

Except for 2 years, in which unusual export influences came to bear, 1956 and 1957, we have held our own—even in the recession year of 1958.

WHAT HAPPENED IN 1958?

The decline in our gold stocks of \$2.3 billion in 1958, is the jumping off point for most of the alarm.

It can only be viewed sensibly against the general background I have described and the specific events of 1956 and 1957.

It should be noted that up to June 5, our current year's loss of gold is only \$397 million, a rate only 41 percent of the decrease of last year.

These are the bits and pieces that add up to the 1958 decline:

First. Our 1957 balance was inflated by the demand for our exports brought on by the Suez crisis, particularly in oil. Nineteen hundred and fifty-eight saw a return to a more normal pattern of oil purchases.

Second. Cotton exports in 1958 were down from abnormal levels in 1957 when foreign stocks were being replenished after a low point in 1956, when the U.S. export price was being revised.

Third. Wheat exports had been abnormally high in 1957 because of poor European harvests and large deliveries to the Far East.

Fourth. Metals, coal, and automobile exports were off in 1958, because of the recession in Canada and Europe.

These six commodities accounted for about three-fourths of the decline.

Fifth. Continuing recovery in Western Europe and Japan enabled them to compete in the world's markets. Japan's share of the world's exports of manufactures rose from 4.3 percent in 1951 to 6 percent in 1958. Germany's rise was the most dramatic—from 10 percent in 1951 to 18.6 percent in 1958. But we should not miss the fact that Germany, in her rise, has imported from us five times what she has exported to us.

Sixth. European countries, who traditionally keep the bulk of their reserves in gold, have been building them up as they have obtained dollar accruals. In other words, they have been buying back the gold they sold to us before, during, and after the war.

Seventh. Some countries, such as the United Kingdom, have been deliberately buying gold to anticipate the gold quotas set by the International Monetary Fund, which requires 25 percent of each country's quota in gold. We, the United States, will soon be making a gold payment of \$344 million to the Fund. With regard to the United Kingdom, our long-

term gold position has been and is favorable.

Eighth. Low interest rates played their part, stimulating foreign governments and companies to float a postwar record amount of new stocks and bonds in the United States, drawing—however temporarily—an outflow of dollars as they were paid for.

Ninth. Finally, U.S. investments overseas amounted to \$2.9 billion. This represents an immediate gold outflow, although it is the basis for ultimate gold accumulations as dividends are returned.

A brief look at these events should be reassurance for those who wonder whether the dollar is in danger or the U.S. position in world fiscal affairs is declining. The mere fact that foreign assets held in the United States in the form of short-term dollar funds increased last year by \$1.2 billion is more eloquent than the statements of economists.

WOULD LARGE FOREIGN AID CUTS REDUCE THE GOLD OUTFLOW?

As I have pointed out, there are many factors entering into the outflow of gold in 1958. Some of them are normal reactions to earlier abnormal events. Others are nonrecurring.

To focus on mutual security payments as the cause of gold outflow is no more realistic than to focus on, say, U.S. investments overseas, or any other item in the international payments balance sheet. It is true that foreign aid is a payment to foreigners, and, if everything else remained the same, a reduction would theoretically reduce the dollars in the hands of foreigners which might otherwise be converted into gold. But everything else would not remain the same.

First. Our defense appropriations would undergo a substantial increase.

Second. It should be noted that about 90 percent of our international payments consist of payments other than foreign aid—Government loans and grants.

Third. Moreover, much of the aid is utilized to pay for U.S. exports which otherwise would not take place. Aid expenditures have had a direct beneficial effect on U.S. production and employment. Under the mutual security program and its predecessor programs through fiscal year 1958, 76.3 percent was spent directly in the United States. Twenty-three and seven-tenths percent was spent for procurement in friendly countries which first helped their economies and then increased their imports from the United States. In fiscal year 1958, out of a total of \$2.8 billion in such expenditures, 75.4 percent was procured in the United States.

Fourth. Perhaps as enlightening as any single set of statistics is an analysis of the countries receiving most of the gold outflow in 1958. These countries and their 1958 gold purchases are as follows:

	Million
Austria.....	\$84.2
Belgium.....	329.4
Italy.....	348.8
Netherlands.....	260.9
Portugal.....	20.0
Switzerland.....	215.2
United Kingdom.....	900.0

The remarkable fact about these countries is that they are not major recipients of foreign aid. With respect to the United Kingdom we should note that its strengthening financial position has made it possible for it to reduce drastically its quotas—and tariffs—on U.S. goods. Our future exports to the United Kingdom ought to increase dramatically as a result of this liberalizing step. Had there been no building up gold reserves by the United Kingdom, such a step would in all probability not have been taken.

Fifth. A basic purpose of foreign economics assistance is to help in the rehabilitation and development of other countries. When a country reaches a stage of relative industrialization, it becomes a good customer. Both Germany and Japan have proven this point in unmistakable fashion. For example, in Western Germany, the production of manufactured goods increased 100 percent between 1950 and 1957, yet West German imports of manufactured goods increased over 300 percent and its imports of manufactures from the United States increased over 500 percent. Over the past 20 years, with the expansion of the free world economy, U.S. exports have multiplied sixfold, from a prewar average of \$2.96 billion to \$17.7 billion in 1958. U.S. imports in the same period have increased fivefold, from \$2.5 to \$12.8 billion.

Sixth. But there is a more subtle result. The use of American products, catalogs, and replacement parts stimulate a voluntary but deeply imbedded purchase pattern. There are many instances where, because we have insisted on Americans being able to bid on foreign aid contracts and projects, they have been able to enter a market hitherto denied them. This is not economic colonialism. It was colonialism which made it impossible for us to enter certain markets. Under free, open, and competitive bidding, we stand to gain much—now and for the future.

COMMENTS ON THE MINORITY REPORT

Since the movement of gold in any given year cannot accurately be analyzed without a sense of perspective, and a study of many factors, it is not surprising that the very short treatment of this subject in the minority report is misleading in several particulars.

First, the statement that our \$20.3 billion of U.S. gold stock is not entirely owned by the United States is not true. This stock is entirely owned by the United States.

Second, although our gold supply is available to redeem time deposits, U.S. securities, and other credits maintained by foreign governments and banks in the United States, it is misleading to assume that all, or a substantial part, of these claims would be made. The \$16.6 billion on foreign short-term liabilities maintained in the United States are necessary for trade, just as General Motors' \$383 million in cash deposits in banks are needed for its financial transactions. Deposits can stop only when trade stops. Massive withdrawals fall in the category of a run on the bank, and are more unlikely. Actually, the foreign balances

have followed a rising trend over many years.

Third, most of the foreign time deposits are included in the notes and deposits against which the Federal Reserve banks must maintain a 25 percent gold reserve. The minority report tends to lead the reader to believe that our gold stocks secure foreign time deposits in addition to domestic notes and deposits.

Fourth, it is simply not true to say that \$12.7 billion of the \$20.3 billion gold stockpile is held by foreign claimants. This figure apparently refers to the amount of gold held in Federal Reserve vaults for foreign governments. This gold does not belong to the United States and is not included in the \$20.3 billion in U.S. stocks.

AND WHAT OF THE FUTURE?

The indications for the future are strongly favorable to a cessation and possibly a reversal of the gold outflow of the past year. As of June 4, the Wall Street Journal predicted that our gold position would continue to decline through this year and possibly into 1960, when the flow is likely to be reversed.

These are some of the factors:

First. Our exports are most likely to increase.

Second. Foreigners will retain larger dollar balances.

Third. The process of gold reserve building in other countries will have been substantially complete; the IMF quotas will have been met.

Fourth. Western Europe—particularly the Common Market countries—and Canada will resume their expansion.

Fifth. Our shipments to Great Britain should improve during the second half of the year because of the removal of import restrictions.

Sixth. When our Big Three auto makers go into smaller cars, a reduced import trade and expanded exports may be significant.

NO TIME FOR RASH MEASURES

The gold relationship between the United States and the world is one based on a stronger free world. The outward flow has diminished by almost 60 percent. The prospect for stability in our net balance, or even some reversal of the trend, is good, assuming that we continue to prevent inflation. In my own opinion, this depends not on restrictive measures which would depress our rate of economic growth, but on increasing tax revenues after careful study of the sources which would yield such revenues without adverse effect on growth. Closing tax loopholes, readjusting excessive depletion allowances, improving the efficiency of collections would be part of the new tax pattern.

We must also maintain our remarkable rate of improvement in productivity, which, as reported on June 15 by the National Bureau of Economic Research, has been rising, per man-hour, at 35 to 40 percent a decade since World War II. At this rate, assuming reasonable restraint by both management and labor, we should have no fear for our future export trade.

Devaluation of our dollar, across-the-board import restrictions, or massive cuts

in foreign aid would be cutting off our nose to spite our face. Each one of these measures would set in motion forces of economic retaliation, loss of confidence, and political and military instability that would more than cancel out any short-range improvement in our gold balance.

Mr. BENTLEY. Mr. Chairman, if the gentleman will yield, I specifically included in my statement the gold and dollar holdings when I reached the figure of \$36.1 billion.

Mr. COFFIN. I did not gather that from the gentleman's remarks, but I am glad that the statement is clarified.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. BENTLEY. The gentleman spoke about the decline of our gold stocks in 1959 as compared with 1958. Gold stocks between the 1st of January 1959 and June 10 declined \$400 million this year.

Mr. COFFIN. That is 41 percent of the rate of 1958. That is what I said, that the decline this year is less than half of what it was last year.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. BROWN of Ohio. Not in connection with the debate but in connection with another matter, my office discussed with the Treasury Department only yesterday the gold situation in this country, and we were informed that if foreign countries, foreign individuals, and foreign concerns drew gold out of the Treasury, the Subtreasury, and the vaults that they were entitled to draw, we would have just about \$4 billion left to support our currency.

Mr. COFFIN. And I would say to the gentleman from Ohio that the probability of that happening is about the same as the Ohio River flowing upstream. You are talking about a bank with reserves, with deposits, and liabilities, and unless you have a run on that bank you are not going to have a failure.

Mr. BROWN of Ohio. Of course, we have had a run on the bank to the extent of \$2.3 billion last year.

Mr. COFFIN. I beg to differ with the gentleman.

Mr. CHENOWETH. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Colorado.

Mr. CHENOWETH. I am not sure of the gentleman's position on this gold situation. Do I understand he is not concerned over the withdrawal of gold from the gold stocks in this country?

Mr. COFFIN. If I were not concerned, I would not take the time of the committee to explain it. I am concerned about getting the facts and looking at them sanely.

Mr. CHENOWETH. The gentleman does not believe this withdrawal constitutes any threat to the fiscal policies of this country and the soundness of our currency and our ability to meet obligations?

Mr. COFFIN. I think the consensus of economists is it is not a threat at the present time. They look forward to a

continued decline in our stocks during the rest of the year; then they look forward to a reversal of the trade.

Mr. CHENOWETH. Does the gentleman feel we should encourage the production of gold in order to replenish our stock of gold in this country.

Mr. COFFIN. We should replenish it by productivity, by trade, by accelerating the growth of our economy; yes, but we should not do it by devaluing the dollar or cutting foreign aid or by massive import restrictions.

Mr. Chairman, let us not crucify this program on the cross of gold.

Mr. MORGAN. Mr. Chairman, I yield 4 minutes to the gentleman from Indiana [Mr. ROUSH].

(Mr. ROUSH asked and was given permission to revise and extend his remarks.)

Mr. ROUSH. Mr. Chairman, a while ago in the lobby I heard a man say that he had sat through this program for 7 consecutive years and that he was getting tired of hearing the same arguments. I want to tell you this is the first time I have sat through it, and I was very much interested. I wish that I had the opportunity to sit with this Foreign Affairs Committee and hear the testimony because this is something I am very much interested in.

I sat here and I heard the majority leader and minority leader, I heard some very distinguished gentlemen of this country speak on behalf of this program. They told us of the dangers of communism and how this program would fight communism; they told us that we had a moral obligation to the peoples of the world, they told us that we should have compassion for the peoples of the world. And their arguments were persuasive, their arguments were demanding on behalf of this program. But that does not tell the whole story.

I was just a little disappointed that there were not more people showing greater concern in this program. I believe that despite the fact we are faced with the threat of communism, we have the obligation of very carefully scrutinizing this aid. I agree with my colleague from Indiana [Mr. ADAIR] that there could be a foreign aid program or, rather, a mutual security program presented which I could support, but the program in its present form I cannot support.

There are three areas of possible revision I would like to mention. The first is on the amounts expended. For some time, now, I have sat on this side of the aisle and have taken the abuse of being called a spender, which I did not particularly like because I thought the programs I was voting for were for the good of America and for the good of the Fifth District of Indiana. Yet I come here here in the last 2 days and I find the same men who called me a spender because I voted for the airport bill and the housing bill telling me that I should vote a blank check which will include airports, housing, and aid to education abroad.

I do not understand that kind of argument, I do not understand that kind of inconsistency; also, I do not understand why we should have one standard of

budget control for domestic programs and another for the program of spending money abroad. At the appropriate time I will offer an amendment to this bill which will require the presentation of a firm budget and will require strict adherence to that budget by those administering the program.

Just one other thing. It seems to me if we are going to help the peoples abroad, then we must help get these people to the point where they are no longer dependent upon the United States of America. We must get them to the point where we make them independent of this aid which we are giving them. That, I believe, we can do. I believe it is necessary for us to start thinking in terms of a very firm and definite program of mutual aid which will be designed to terminate at a definite time. By doing that, we will increase the moral fiber of the peoples of the world and they will be able to withstand the threat of communism. That I believe, and that is something which I believe we all want.

Mr. CHIPERFIELD. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. JUDD].

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from Minnesota has again expired.

Mr. CHIPERFIELD. Mr. Chairman, I yield one minute to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I want to say to the gentleman from West Virginia that this is my amendment. It was put in the bill because a substantial portion of these foreign currencies have been lying in recipient countries unused.

We in the United States do need foreign scientific textbooks and magazines translated to keep up with scientific developments. We can get that without spending additional American dollars by paying for translation of scientific books and treatises with foreign currencies, including counterpart funds, that have been generated in these foreign aid programs, and are available to the United States.

Mr. BAILEY. Any kind of program they might want to carry out, the President has authority under this to spend money on, even to put in atomic reactors abroad.

Mr. FULTON. I know the gentleman has opposed this program regularly, because he is from a coal district. But I do not think the gentleman opposes research and development. The translation of these scientific texts and books and treatises is necessary in order that we may keep up with the world, to know what various nations are doing in technology and science.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PORTER].

(Mr. PORTER asked and was given permission to revise and extend his remarks.)

Mr. PORTER. Mr. Chairman, I take this time to express my support for the bill and point out certain provisions of

it which I think are especially good; and also to describe just briefly the four amendments which I intend to offer tomorrow, or later today, as the case may be, to the bill and ask consideration of those by the Members of the House.

I especially rejoice in the amendments to the policy statements and want to call attention of the House to this language which will be put into the law when it is enacted.

It is the sense of Congress that peace in the world increasingly depends on wider recognition, both in principle and practice, of the dignity and interdependence of man; and that the survival of free institutions in the United States can best be assured in a worldwide atmosphere of expanded freedom.

Of course, we know that, but it is good to see it stated, to have a positive statement of it in the law. The second statement is:

(d) It is the sense of the Congress, recognizing the interdependence of the freedom and progress of liberty-loving people everywhere, that the United States within the limits of its other obligations has an abiding interest in assisting the efforts of the people of the world to realize their aspirations for improved living standards, for education, for governments of their own choosing and for dignity and respect as individual human beings.

I think that is wonderful language and I am glad it is going to be in the law. I think it expresses the sense of this Congress and the American people very well.

Mr. Chairman, I think our legislation must reflect, of course, and carry out our deepest beliefs. With that in mind I intend to offer an amendment which would cut out all military assistance to Latin America except that which is committed or may be committed before June 30, and also except that which is connected with training military personnel. This military assistance has not helped us to fight communism. It has indeed identified us with military groups. We have better things to do in Latin America in a social and economic way. Military equipment has not helped us in Latin America. This amendment is a chance for us to be associated more closely with the people of Latin America and incidentally to save the Government of the United States some \$50 million.

Mr. Chairman, I am glad to see the restrictions on the President, as set out on page 3. He will now have to determine that it is in the national interest before these arms are given. But I do not think those restrictions are enough, and I think they would not be powerful enough to keep us from giving arms to nations who do not need them, whose people cannot easily shoulder the burden which these arms mean.

I have another amendment. It limits aid to Chiang Kai-shek. This would provide that unless he reduced his army to 200,000 men from 600,000 he would not receive any aid. Why is this? Last October, his aim was cut from liberating the mainland, by his own admission and Mr. Dulles' defense of Formosa. Let us adjust our support of him accordingly.

We are and should be committed to the defense of Formosa. There will not be any Red Chinese set foot on Formosa as long as we have any military forces there, and that will be a long time. Therefore, we can save some \$175 million by cutting Chiang Kai-shek's forces accordingly.

On page 8, it authorizes the President to use his contingency fund for the UNEF, that is the United Nations Emergency Forces. This is certainly a desirable provision. It also points up the need for charter review at an early date.

Then on page 12, there is an amendment which I am sure had Cuba in mind and which amendment I support fully—that if any nation expropriates land and does not live up to its obligations in connection with international law, we can withhold assistance. If that happens in Cuba or any place else, of course, we should not assist any such nation. I hope it will not happen in Cuba.

I have one other amendment. It would provide that if the President should decide that if any nation withheld information or misrepresented information about the extent and nature of our aid program, then he should cut off the aid from that nation. This seems to me also to be right and proper. Of course, it applies particularly to Spain.

Then, on page 15, I have a final amendment which has to do with a very simple but necessary thing. The foreign service act today applies to more than 60 percent of the people who work for ICA. It applies to everyone overseas and, yet, it has no penalty if people violate the provision against discrimination on account of race, creed, color, or political affiliation. There should be a penalty clause if the law is to be enforceable and useful.

Mr. Chairman, this is a good bill, a necessary bill. I support it and commend the chairman, Dr. MORGAN, the gentleman from Pennsylvania, and his committee. But I hope to alter it tomorrow to save the taxpayers at least \$225 million and to further its great moral aim—a world of freedom and progress of liberty-loving people everywhere.

Mrs. BOLTON. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. HAYS].

Mr. HAYS. Mr. Chairman, I thank my colleague, the gentlewoman from Ohio, very much.

Mr. Chairman, I want to take at least a few second of this time to add my compliments to others of the committee to the chairman for the way in which he has handled this bill and for the extreme patience he showed the witnesses and the members of the committee in question.

Mr. Chairman, in the other 1½ minutes I want to speak to one of the proposed amendments which the gentleman from Oregon says he is going to offer tomorrow, and I will also speak to it at the time such amendment is offered, and that is the amendment to stipulate by legislation of the Congress how many troops the Government of Formosa may keep to defend that island. I have been

as critical as anyone else in this House of some of the things that have gone on in Formosa. But, I think it is folly in the extreme to say that the Chinese Communists would not attack the island as long as we have any troops on it. As a matter of fact, the record will show that Americans have been killed in recent bombardments on Matsu and Quemoy. That statement, therefore, falls of its own weight because they have already attacked and they have already shelled a part of what is the territory of Formosa. They have killed American observers on that island. I certainly do not think we should write in any restriction in this legislation that would hamstring the defense of Formosa, which we consider to be a part of our defense line and which our military people say is a part of our defense line and which they further say, if it is breached, our whole Far Eastern defense will crumble.

Mr. BOSCH. Mr. Chairman, once again the time has come for a long serious look at the mutual security legislation now before us. A review of some of the background, made at this time, is pertinent in order to bring to the attention of my colleagues some of the reasons why I have consistently opposed and must again this year oppose this giveaway program.

In 1948 there were 450 people employed to administer and distribute what was then called foreign economic aid. Now, 10 years and \$72 billion later, this staff has grown to 21,000 employees who direct some 2,000 projects under this program. Expenditures for the foreign aid program in the postwar period through June 30, 1958, amounted to \$71,551,940,000—\$55 billion in outright gifts, the balance in soft loans and credits which neither this generation nor the next will ever see repaid. As of December 31, 1958, there was a total of \$6.6 billion in unexpended foreign aid funds on hand.

It is amazing and distressing as well to find that—

First. A total of \$3 billion in foreign aid funds has been granted to foreign powers who have used it to reduce their national debt and balance their budget.

Second. Over \$2 billion in foreign aid funds have been given to governments hostile to the United States, including the Soviet Union, Yugoslavia, and Poland.

Third. \$325 million in foreign aid funds was last year granted to India. A substantial part was used to support India's second 5-year plan.

Fourth. \$250 million in foreign aid funds was given to Iran between 1951 to 1956. An official report by the House Committee on Government Operations on "U.S. Aid in Iran" dated January 28, 1957, with respect to the administration of these funds states:

They were administered in a loose, slipshod and unbusinesslike manner. It is now impossible, with any accuracy, to tell what became of these funds.

Fifth. Eight hundred and thirty-nine million dollars in foreign aid funds has been granted to Pakistan and, according to a New York Times dispatch from Karachi on February 18, 1959, only \$186

million thereof was, according to an official admission, utilized on constructive work.

Sixth. One hundred and thirty-one million dollars in foreign aid funds has been granted to Laos. In the recent seventh report by the Committee on Government Operations on the U.S. Aid Operations in Laos on page 5 we find the following:

22. ICA officials have sought to excuse deficiencies and maladministration in the aid program in Laos, after they have been demonstrated, with the assertion that our aid program, however poorly administered, has saved Laos from going Communist. This assertion is purely speculative, and can neither be proved nor disproved.

And on page 9 we find the following:

It has been noted earlier in this report that the most significant single item in the U.S. aid program for Laos was the Lao military budget, accounting for about \$30 million a year. Of this total budget \$15 million was accounted for by pay and allowances for the Lao troops.

Now, who was the one who gave the strongest encouragement for foreign aid? None other than Joseph Stalin in his "Marxism and the National Colonial Question" where on pages 115 and 116 we read:

It is essential that the advanced countries should render aid—real and prolonged aid—to the backward nationalities in their cultural and economic development. Otherwise, it will be impossible to bring about the peaceful coexistence of the various nations and peoples within a single economic system that is so essential for the final triumph of socialism.

Recently the American press in Europe recorded two items which are here worth mentioning:

First. That Britain has for the second successful year balanced her budget, and there is another cut in taxes seemingly on the horizon for her people.

Second. On the financial pages one reads in the same journals that the American dollar is worth less than the Canadian. The question naturally arises, "Why, when our dollar is declining, must we continue to support nations whose economy is sounder than our own?"

Those who advocate this giveaway program glibly answer: "It keeps the benefited nations out of the Communist camp," and "Our assistance to their military buildup is our own defense against Communist might."

I cannot see in the military forces of any of the beneficiaries of our largess anything to justify this contention. Possible exceptions are West Germany and Spain.

The record certainly does not warrant the conclusion that there is any strong opposition to communism, at least where it would do the most good—nor does it warrant the billions lavished on these unproved objectives.

Let us not forget foreign aid is money extracted from the American taxpayers and bestowed upon a foreign government to do with it as it—the foreign country—sees fit. It is time the American taxpayer is given a chance to decide the fate of our foreign aid—no matter how much

we spend, we cannot buy friends nor good will not peace.

Mr. Chairman, in view of all of the foregoing, I cannot in good conscience vote to add this burden on the already tax-weary shoulders of the American people.

Mr. MORGAN. Mr. Chairman, I yield the remaining time to the gentleman from Florida [Mr. FASCELL].

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, we are about to conclude a lengthy, serious and thorough consideration of a very important legislative matter. I cannot recall, and I am sure you will agree with me, a single piece of legislation or a program that has received any more consideration or deliberation or criticism or action or ideas than the mutual security program of the United States. In recent years, to my knowledge, I can think of a complete reevaluation and reappraisal of this program by our own committee on several different occasions; and further, investigations of the House Committee on Government Operations. There was a complete reevaluation and reappraisal by the U.S. Senate. All types of outside and objective experts were used. It is a monumental study. I can think of two Presidential committees, the Fairless Committee and the Draper Committee. I can think of any number of national organizations that have gone into this issue time and time and time again.

I say to you and I say to those who would be critical of what we have been trying to do in this bill: What else would you have us do? Would you deny us the right to come to this public forum and discuss something that is urgent and vital to the people of this country from year to year, from time to time? What is wrong with reexamining it every single year? What is wrong with facing the basic issue and deciding: Are you for or against this program this year? I see nothing wrong with it, and I submit that to do it any other way would be a travesty.

I pay tribute to the chairman of the committee and the ranking minority member and all of the others who have worked so diligently on this legislation. What basically has the committee done?

We have made cuts in the program on a careful and cautious basis involving approximately a total of \$266 millions-plus. We have heard the criticisms and the recommendations of the General Accounting Office in length and in detail. We have tried to incorporate them into the legislation. We have heard the criticism and the recommendations of our own Government Operations Subcommittee under the chairmanship of the distinguished gentleman from Virginia, and tried to incorporate those recommendations into the program.

Year by year we have tried to make progress as far as we are able to with respect to this legislation. We must bear in mind that we are the policymakers; we are not the administrators. I think too much confusion exists in the minds of the public that the answer lies in

Congress; that all we need to do is to have Congress take charge; yet you certainly know that nothing could be worse in the world. The problem and the responsibility of administration must lie with the administrators. Yes, it is up to us to provide the new policy, the new avenues, the new direction, the new views, the new approaches wherever it is necessary; and I challenge anybody to say that this committee has not tried to do that with this legislation.

We have put a new approach in the policy statements; we have written tightening measures into the legislation with respect to accounting and budget procedures. I am interested to see what we shall have been able to accomplish by next year when we have operated under this bill with respect to these new methods.

In the final analysis we must ask: Why do we have the largest military budget in the peacetime history of the world? Why do we maintain such a military machine? Every single person in the world knows the answer to that. Does anybody deny that he adversary likewise has a mighty military machine? That he is willing to challenge us not only militarily but economically, socially, culturally, spiritually, scientifically, educationally—on every conceivable human battlefield? We face the challenge of our life.

What would you offer as an alternative to this program? Would you do away with it? Would you leave the field wide open to the economic challenge? Would you leave the field wide open for the countries that need the assistance to protect themselves so that they can engender a spirit which is akin to ours? Would you turn your back and walk off the battlefield? I do not think anybody here really thinks we ought to do that, no matter how much he is opposed to spending a single nickel of the American taxpayer's money.

You can quibble about the amounts, if you like, you can say it ought to be more, it ought to be less; but I remind you that a very distinguished group of men and women on this committee sat for a long time and listened to the best people we could get before us to give us their views and recommendations, and tempered it with our own knowledge and ability and judgment, and came out with a report and recommendation. It is yours to do with what you will, but I daresay no one can point the finger and say that we have been hasty, or ill-advised in what we propose to do with this act.

The CHAIRMAN. The time of the gentleman from Florida has expired; all time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1959".

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee

of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, had come to no resolution thereon.

CORRECTION OF ROLL CALL

Mr. GALLAGHER. Mr. Speaker, on rollcall No. 82 I am not recorded. I was here and answered "Present." I ask unanimous consent that the permanent RECORD and Journal may be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 2256. An act to amend chapter 37 of title 38, United States Code, to provide additional funds for direct loans; to remove certain requirements with respect to the rate of interest on guaranteed loans; and for other purposes.

PANAMA CANAL FLANK: COMMUNISM COMING TO CUBA?

(Mr. WALTER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. WALTER. Mr. Speaker, as one who has followed the workings of the international Communist conspiracy over a long period of time, I have long been impressed by the long-range planning that always governs its operations. This care has been effectively illustrated in the recent unfolding of events in the Caribbean area, especially as related to the Panama Canal.

An informative article by Edna Lonigan in the April 14, 1959, issue of Christian Economics, a fortnightly paper published by the Christian Freedom Foundation of New York, summarizes important information relative to the methods and purposes in the overthrow of the Government of Cuba.

In addition to its significance with respect to control of this northern flank of the Atlantic approach to the Panama Canal, the communistic domination of the Cuban Government will serve to weaken further the power of the United States in the United Nations.

To aid in bringing about a more extensive understanding of the issues covered in the article, I quote its text and commend it for reading by all concerned with its subject matter:

COMMUNISM COMING TO CUBA?

(By Edna Lonigan)

William Z. Foster said a few years ago that the Communists would have to step up their efforts to take over Latin American countries to reduce the voting bloc which supported American policy in the United Nations. Cuba is a case in point.

Cuba was one of the most active supporters of American policy in the United Nations. It did not hesitate to protest the Soviet attack on the Hungarian patriots. Again and again Cuba helped to lead the Latin American nations to block Soviet maneuvers in the United Nations. Moreover, Cuba is 90 miles from our shores, a few minutes flying time. It is close to thousands of miles of our coastline, most of it unguarded. Cuba today, as in the time of the Spaniards, guards the sea lanes to Panama and the Caribbean nations. It lies athwart the shipping lanes for Latin American oil, tin, and perhaps rubber shipments to this country, and American exports to the south.

Under the nominal leadership of one Fidel Castro, such a complete changeover has taken place in the political rule of Cuba that one is warranted in asking what these developments mean to our relations with Latin America, and specifically: Is there another scandal developing in the darkness of our State Department corridors to rival the catastrophic policy which let the Communists take over mainland China? First of all, what about Castro?

Ten years ago a major conference of the Organization of American States was being held in Bogota, and Secretary of State Marshall planned to appear, to emphasize its importance. The Communists decided to stage an ugly riot, so that the United States would lose face. For days the rioters had control of the streets of Bogota, and left the city a shambles with many innocent people dead. The American delegates stayed in their hotels, looking helpless and foolish.

The American Government and the press later made a careful study of the stage-managed rioting. Fidel Castro, a member of the Communist-controlled International Students Union, affiliated with the Communist world student movement, was in Bogota at that time, posing as a student representative to the conference, and helped direct the pillaging.

The Bogota rioting was identical in organization and purpose with the rioting that accompanied the recent visit of Vice President Nixon to South America. It was identical in organization and purpose with the infiltration of the bonus marches on Washington in Hoover's administration, which might easily have turned into a bloody uprising except for the splendid handling of the veterans by the police and the Army.

In August 1957 Spruille Braden, former United States Ambassador and State Department official in charge of Latin American affairs, said of Castro's record, "The appearance of this Cuban at the head of the recent uprising in his own country stamps the insurrection as another part of the developing Communist pattern of such subversive efforts throughout Latin America."

We have similar information about other members of Fidel Castro's regime, especially his brother, Raul Castro, who is now head of the Cuban armed forces. Raul was consistently reported to have studied with the MVD in Moscow.

Another in the long list is Ernesto Guevara Serna, an Argentine known as Che. Che was an active member of the Russo-Mexican Institute of Cultural Relations. He turned up in Guatemala while the Communists were in power, and appeared in revolutionary movements in Panama and elsewhere. He is credited with being the link to Moscow and world communism.

We do not, however, need public documentation on the leaders to know that Fidel Castro's modus operandi is identical with that preached and practiced by Mao Tse-tung, the master theorist of Communist guerrilla warfare.

This is evident in the techniques used to seize the power. It will be even more tragically evident in the techniques used to exploit the power, to sow unrest, dissen-

sion, and violence in the American hemisphere by every possible means.

The early stages of communism were based on organizing battalions of left-wing proletarian workers, to storm the bastilles of capitalism. Mao had no proletarian workers, and the Chinese had few commanding heights to storm. He generalized the strategy so that the rank and file were used for every kind of violence or guile which would break down the society as well as the armies of whatever country the Communists were attacking.

The rebels in Cuba operated with a beautifully detailed blueprint for guerrilla war. The chief industry is sugar. A few people were shocked at the brutality with which the invaders sent live animals as living torches to rush madly through the cane fields and destroy the crops. They did not see the classical guerrilla pattern of conquest by destruction.

The second largest industry is tourism. It is a principal source of employment and revenue. How destroy the tourist industry? Riots, kidnapping, seizure of planes, gunfire, setting fires in hotels, were not random violence or unthinking cruelty, but pieces in a perfect blueprint for destroying the economy, the employment, and the revenues of the country being attacked.

The resemblance between our policy in Cuba and the hamstringing of Nationalist China by quiet orders from the State Department is shocking. Nationalist China was given a few loans after the war, but when it purchased arms here, it could not get certificates to ship them because a bureau chief in Henry Wallace's Commerce Department blocked the road. When the certificates were released, Harry Bridges pulled a strike on the West Coast. Not a ship could move. Finally, General Marshall issued a complete embargo against arms shipments, and boasted that he had disarmed the Nationalist armies.

The Cuban armies had been trained and equipped by us. This was an implied commitment to sell replacements, unless we had a reason which could be defended in the light of day. Then came a State Department ruling that the United States would not sell arms to the established government of Cuba.

Who made that State Department ruling, and why? Why was it not discussed in Congress and in the press?

Apparently the rebel armies in Cuba were well supplied with arms. It is reliably reported they were supplied in part from Soviet submarines. Furthermore, the Communist Party of Cuba issued a manifesto in support of Castro who has been hailed in the Soviet press.

By this time, it should be obvious that kidnapping of American planes was part of the standard Communist blueprint to sabotage the economics of the island; that Castro's sudden victory implied strange support somewhere; that Castro's slow progress through a wildly enthusiastic countryside, after the victory was political theater of the cheapest variety. The long list of attempted murders, bombings, property destruction, by the Fidelistas, some of them on American soil, were Communist "agit-prop." The summary executions of defeated enemies were in the standard Communist pattern. Their purpose is to sully the American hemisphere with the same hideous bloodletting that has become commonplace in the Communist world.

Is it possible that Americans do not yet recognize this very clear-cut pattern? Well, if we cannot see it, we cannot hope other anti-Communist people and their leaders are as blind. Syngman Rhee, Adenauer, and Chiang Kai-shek know the pattern. How much longer can they put their trust in us?

It is true that a most remarkable job was done in coordinating the American press.

June 17, 1959

7. LEGISLATIVE BRANCH APPROPRIATION BILL, 1960. Began and concluded debate on this bill, H. R. 7453. pp. 10090-93
8. INTERIOR APPROPRIATION BILL, 1960. Sen. Hayden inserted a tabulation on this bill, H. R. 5915, "giving the appropriations for the current year, the budget estimates for 1960, the House allowance, the Senate allowance, and the conference allowance for each appropriation in the bill," and stated that the tabulation on the bill appearing in the Record of Mon., June 15, "is incorrect." pp. 10031-3
9. TRANSPORTATION. The Interstate and Foreign Commerce Committee voted to report (but did not actually report) the following bills: S. 1789, without amendment, to insure the adequacy of the national railroad freight-car supply; S. 1508, with amendments, to provide for economic regulation of the Alaska railroad under the interstate Commerce Act. p. D490
10. VETERANS. The Subcommittee on Veterans' Affairs of the Labor and Public Welfare Committee voted to report to the full committee without amendment S. 1138, to provide for readjustment assistance to veterans who serve in the Armed Forces, including payments for courses in on-farm training, between Jan. 31, 1955 and July 1, 1963. p. D491
11. LEGISLATIVE PROGRAM. The "Daily Digest" states that votes will be taken on passage of H. R. 7453, the legislative appropriation bill, and H. R. 7349, the Commerce appropriation bill on Thurs., June 18. p. D489

HOUSE

12. WHEAT. Received the conference report on S. 1968, the wheat bill (H. Rept. 560) (pp. 10010-12, 10019). See Senate items above for a summary of the conference substitute bill and action of the Senate on the report.
13. MUTUAL SECURITY. Considered amendments to H. R. 7500, to extend the mutual security program (pp. 9984-10010). Rejected, 56 to 94, an amendment by Rep. Dowdy to prohibit any appropriations authorized by the bill which would increase the public debt (pp. 9987-90). Rejected, 56 to 94, an amendment by Rep. Flynt to "require a balanced budget before the provisions of the pending legislation could become effective" (pp. 9990-91).
14. HOUSING. Concurred in the Senate amendment to H. R. 2256, to authorize \$100 million additional funds for direct veterans' loans in rural areas, and to increase the ceiling on interest rates from 4-3/4 to 5-1/4 percent (pp. 9973-6). This bill will now be sent to the President.
15. BUDGET. Rep. Zelenko commended the New York World-Telegram and the Scripps Howard newspapers in their "meritorious campaign urging citizens to communicate with their Representatives and Senators to alert them against wasteful appropriations ..."
16. PUBLIC BUILDINGS. The Public Works Committee reported with amendment H. R. 7645, to provide additional authority to GSA for the construction, alteration, and acquisition of public buildings of the Federal Government (H. Rept. 557). p. 10019
17. PUBLIC DEBT. The Rules Committee reported a resolution for consideration of H. R. 7749. to increase the public debt limit. p. 10019

18. WATERSHEDS. A subcommittee of the Public Works Committee approved "watershed projects in Georgia and Illinois." p. D493

19. LEGISLATIVE PROGRAM. Rep. McCormack announced that the House would consider Thurs., June 18, H. R. 7749 to increase the public debt limit, and, if the message is received from the Senate, the wheat conference report (S. 1968); and next week, H. R. 3, to establish rules of interpretation concerning the effects of acts of Congress on state laws.

ITEMS IN APPENDIX

20. FORESTRY; RECREATION. Extension of remarks of Sen. Neuberger commending and inserting an article, "National Parks Promised Rescue By Mission 66." pp. A5182-3

Sen. Neuberger inserted an address by Francis W. Sargent describing the progress being made by the Outdoor Recreation Resources Review Commission. pp. A5199-200

21. MUTUAL SECURITY. Extension of remarks of Sen. Dodd inserting an article, "Foreign Aid For Our Friends But Not For Our Enemies," and stating that the article "is concerned with the inconsistencies of our foreign-aid program." p. A5185-6

Extension of remarks of Rep. Barr favoring U. S. participation in a "joint movement" with the rest of the free world but stating that "I will not vote to saddle this Nation with a perpetual obligation to develop and to protect the world single-handedly." p. A5238

22. HEALTH; PERSONNEL. Extension of remarks of Sen. Humphrey inserting his recent speech stressing the need for health research programs and favoring proposed legislation to provide a health insurance program for Federal employees. pp. A5197-9

23. FARM PROGRAM. Rep. Latta inserted the results of an opinion poll which included questions on price support and soil bank programs. p. A5204

24. INTERGOVERNMENTAL RELATIONS. Extension of remarks of Rep. Loser inserting Judge Briley's testimony before the Senate Government Operations Committee favoring the establishment of a permanent Advisory Commission on Intergovernmental Relations. pp. A5209-10

25. WATER POLLUTION. Rep. Dingell inserted an editorial favoring H. R. 3610, to amend the Federal Water Pollution Control Act. p. A5223

26. ELECTRIFICATION. Rep. Utt inserted an Electrical Workers Local AFL-CIO article setting forth their favorable position on the partnership development of the power resources of the Trinity division of the Central Valley project. pp. A5234-5

BILLS INTRODUCED

27. SURPLUS PROPERTY. S. 2193, by Sen. Allott (for himself and Sen. Langer), and H. R. 7776, by Rep. Jarman, to amend the Federal Property and Administrative Service Act of 1949; to Government Operations Committees. Remarks of Sen. Allott. pp. 10027-8

28. MINERALS. H. R. 7785, by Rep. Morris of N. Mex., to authorize the granting of mineral rights to certain homestead patentees who were wrongfully deprived of such rights; to Interior and Insular Affairs Committee

I want to express my regret that the gentleman was so shabbily treated by his own administration.

Mr. HARRIS. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. HALLECK. Mr. Speaker, may I say to my very good friend from Michigan that no one has put me on a spot here. I have had experts try that.

The fact is that before 1955 a previous administrator undertook administratively to shut off the funds that were to be allocated to the construction of terminal facilities. The law was specifically amended in 1955 to class them as eligible for allocation. So it has been held that there is no discretion except to allocate after the funds have been assigned to the State if a request were made for the starting of a program.

Let me conclude by saying again, I am sorry we do not have an opportunity here under the procedure to have a separate vote on the matter of the way in which these funds are to be expended. My view is if we had that opportunity the House of Representatives would vote as it voted before and as was determined before to shut off the business of building terminal facilities. That would not include projects already under way. The gentleman from Minnesota inquired about that. It would not include those to which funds have been allocated, which would be continued. It would only be as to the future operation and expenditure of funds.

(Mr. DINGELL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DINGELL. Mr. Speaker, the talk of expensive cocktail lounges built with Federal grants for airport construction and improvement is only a smokescreen.

There is blame aplenty here, but it must be on the present administration, which has been administering the airport program for these many years. I have a letter from the Federal Aviation Agency, which I shall insert into the RECORD, listing the cocktail lounge space built with Federal aid, and the amount of Federal funds allocated to each project. One of these grants was made as recently as March 11, 1959, by the brand new Federal Aviation Agency, during the administration of Mr. Quesada, who is supposed to oppose Federal funds for construction of bars, cocktail lounges, and other-similar facilities.

In the hearings of the proposed legislation to extend the Federal aid program, we were told that FAA policies provide the following:

Federal aid airport program funds may be used to develop adequate airport buildings to the extent necessary to satisfy the functional requirements of civil aviation. Facilities associated with the airport terminal buildings will be eligible for Federal funds only to the extent that such facilities are required for the safety and reasonable comfort and convenience of passengers and users of the airport.

If the administration had lived up to that pious declaration of policy, there would be no reason for the hue and cry about the use of Federal funds to provide space for cocktail lounges.

What appears to have happened here is that despite its protestations against

an apparently grave defect in the bill, the administration has had full administrative authority to prevent use of Federal grants-in-aid for such purposes. Moreover, the administration has even failed to carry out its own expressed views and policy on grants for such use.

For the information of the House, I submit herewith the letter and statement from the FAA on grants by the Federal Government for construction of bars and cocktail lounges at airports:

FEDERAL AVIATION AGENCY,
Washington D.C., May 21, 1959.

DEAR MR. DINGELL: This is in reply to your request of April 17, 1959, for additional information with respect to funds expended under the Federal Airport Act for construction of space for use as bars and cocktail lounges in airport terminal buildings.

Attached is a list which is identical to the one forwarded to you in my letter dated April 9, 1959, except that it includes the dates on which the grant agreements were executed.

It is hoped that this information will prove helpful. If the Federal Aviation Agency can be of further assistance, please do not hesitate to call upon us.

Sincerely yours,

JAMES T. PYLE,

Deputy

(For E. R. Quesada, Administrator).

List of new and improved airport terminal buildings in the fiscal years 1956-59, Federal aid airport program, in which space was constructed for a bar or cocktail lounge, the amount of Federal funds in such space, and the dates on which the grant agreements were executed

Location	Amount of Federal aid for cocktail lounge space ¹	Date of grant agreement
REGION 1		
Binghamton, N.Y.-----	5,585	Jan. 14, 1958
Elmira, N.Y.-----	3,940	Sept. 25, 1958
Utica, N.Y.-----	4,895	Mar. 26, 1958
Cincinnati, Ohio-----	4,735	Feb. 6, 1958
Columbus, Ohio-----	14,575	Feb. 26, 1957
Dayton, Ohio-----	10,675	June 25, 1958
Eric, Pa.-----	3,012	Sept. 6, 1956
Wilkes-Barre, Pa.-----	9,320	July 12, 1957
Providence, R.I.-----	7,610	Jan. 28, 1958
REGION 2		
Daytona Beach, Fla.-----	4,940	Dec. 16, 1957
Fort Lauderdale, Fla.-----	2,440	June 30, 1958
Key West, Fla.-----	2,450	Aug. 21, 1956
St. Petersburg, Fla.-----	3,450	July 17, 1956
Sarasota-Bradenton, Fla.-----	4,490	June 30, 1958
St. Croix, V.I.-----	7,170	Mar. 11, 1959
REGION 3		
Peoria, Ill.-----	4,000	June 21, 1957
REGION 4		
Santa Fe, N. Mex.-----	3,200	Jan. 9, 1957

¹ As pointed out to you in the Federal Aviation Agency letter of Apr. 9, 1959, all of these expenditures were made for space for a restaurant which only incidentally included cocktail and bar space.

Mr. HARRIS. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. BENNETT].

Mr. BENNETT of Michigan. Mr. Speaker, I think it is unfortunate that we find ourselves in the position where the House cannot vote to sustain or uphold its previous position in respect to terminal facilities. We dealt with this subject for many weeks in our committee, and most of the testimony was to the effect that terminal facilities for the most part are profitmaking enterprises.

Federal funds which are donated under the present program for that purpose are never repaid regardless of the amount of profit earned by the particular terminal.

One large city terminal has returned a net income of \$5 million a year to the local owners in the operation of these facilities. In my own State of Michigan more than 50 percent of all of the Federal funds under this and preceding programs have been spent on one large airport in the city of Detroit. A large percentage of these funds have been used for terminal facilities at that airport which will no doubt return a handsome profit to its owners. I am not aware of any other Federal grant program where the Federal Government contributes to profitmaking enterprise. If the sponsors were required to repay the Government out of profits earned or permit the Government to share in such profits in proportion to its investment, there might be some justification for the program. Unfortunately, that has not been the case and will not be the case under the pending proposal.

No other form of transportation is so heavily subsidized by the Government as are the airlines and none, except airlines, have ever had their terminal facilities constructed at Government expense. Even the bus lines which use federally subsidized highways receive no Federal grants for the construction of terminal facilities. The railroads receive none. Docks and warehouse facilities are not provided for water shipping interests. Even under the Federal river and harbor construction program local communities are required to build docks and wharves at their own expense.

It is time that the airlines assumed the burden of providing their own terminal facilities. This and other subsidies they receive has placed them in a very favored competitive position over the railroads and other forms of transportation. Actually this is one of the reasons the railroads have practically been forced out of passenger business with the result that hundreds of thousands of railroad workers have lost their jobs.

We should also remember that 25 percent of all Federal spending under the airport program during the past 4 years has been for terminals. In round figures this has been approximately \$65 million. A lot of airstrip extensions and other safety features could and should have been purchased with that money. The Government does have a vital interest in public safety in air transportation but its obligation to subsidize air transportation should go no further than that. The bill which the House passed very wisely brought to an end the terminal construction program. As I said earlier it is unfortunate that the parliamentary situation will not permit a vote on that issue at this time. The makeshift proposal presented by our distinguished chairman deals halfheartedly and ineffectively with the issue and creates additional complex and difficult administrative problems. He has stated that his proposal would give the administrator discretionary power to end Federal aid to terminals but he has refused to provide simple and direct language

which would unequivocally spell out that authority.

Mr. CEDERBERG. Mr. Speaker, will the gentleman yield?

Mr. BENNETT of Michigan. I yield to the gentleman from Michigan.

Mr. CEDERBERG. May I say it is regrettable that we are faced with this situation. I will give you the example of a local area that has built its own terminals. It serves my district and an adjoining district, the metropolitan area of Saginaw, Bay City, and Midland, Mich. They built their own terminal with their own money.

We are faced with this situation. An air crash on Easter Sunday a year ago took the lives of 44 persons on a flight coming into this airport. We cannot get a tower for the airport, we cannot get some of the safety facilities, although 44 lost their lives. There is not a dime of Federal money in that terminal. I think it is a crime that we put Federal money in terminals when these things have taken place and this airport cannot get a tower or other safety facilities that are needed. Let us put safety first.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. HARRIS. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, the gentleman from Michigan has mentioned his particular case; obviously he has not listened to the debate and has not observed the explanation of what we are trying to do. Precisely, as I have explained, this is to take care of such incidents as the gentleman from Michigan has brought up. We give authority, in the discretion of the Administrator, for him to provide such facilities as the gentleman has complained of, and he should support this amendment.

Mr. CEDERBERG. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Michigan.

Mr. CEDERBERG. I would just like to say that every dime that goes into facilities for terminals is money that could go into safety devices. Ours is an example.

Mr. HARRIS. That is what the gentleman does not understand and cannot get through his head. Towers are part of the airport facility, and usually they are on top of the terminal building, as the gentleman will observe as he passes by. And, if the gentleman wants these improvements, he ought to support this amendment.

Mr. Speaker, I move the previous question.

(Mr. HARRIS asked and was given permission to revise and extend his remarks.)

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may have permission to extend their remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, I am disappointed, and I know many other Members are likewise concerned, that the conference report on this measure does not limit the use of funds for airports

to extension and improvement of runways, towers and devices for safety of passengers. I think it is wrong that taxpayers' money should be expended for cocktail lounges, restaurants, and other facilities that ought to be paid for by those who use airplane terminals.

The funds in this bill ought to be used for extension of runways, safety devices, and other equipment to protect passengers from injury and make their travel safer. Taxpayers' money ought not be used to support moneymaking concerns.

I realize that under the present legislative situation, we are unable to delete such authority from this bill. I hope that those in charge of administering this legislation will see to it that none of the funds expended under this bill shall be used for any purpose except as is required for the improvement and extension of runways, for towers, and other equipment for the safety and security of passengers.

Our airlines render the best of service, but they ought not to ask taxpayers to support facilities that are used for profit. The airlines themselves should absorb such costs.

The authority to which I call attention was not included in the House version of this legislation. It was included in the bill by the other body.

Mr. MACK of Illinois. Mr. Speaker, throughout the years the Civil Aeronautics Administration has been relatively free of political influence and has exercised its independent judgment in the development of civil aviation. To me it is regrettable that now when we have set up a new independent agency to keep pace with this vast expanding industry that its decision should be influenced by political considerations. Apparently, the administration has now made the issue of terminal buildings a party matter and has exerted political influence to eliminate terminal facilities from this bill to extend the Federal Airport Act. As a commercial aviator and as one who has had many hundreds of hours of instrument flying throughout the world, I don't believe that we can afford to play politics with aviation safety.

Mr. Speaker, several people have alluded to the development of cocktail bars, gamerooms, and parking lots which are not included in the amendment to extend this act. In this I certainly share their views, but this is not the problem confronting us. The problem is that the administration desires to exclude terminal buildings from the Federal Airport Act. In my humble opinion, the terminal building is as integral a part of an airport as are runways, taxiways, and apron constructions. To construct an airport without coordinating the development of all these items would not serve the best interest of the municipality or the Federal Government and would be detrimental to aviation safety.

Mr. Speaker, a statement has been made that a commercial airliner recently crashed because proper control tower facilities were not available at one of our airports. In this instance the terminal building was built with private funds

without Federal assistance or coordination. This statement strikes at the very crux of this problem. If terminal facilities are excluded, it will be impossible for the Federal Government to require control tower construction with coordinated air traffic control units to provide the proper safety standards in aviation commerce. Mr. Speaker, I hope the Members who are about to vote on this amendment have had an opportunity to see the control tower and terminal building at Idlewild Airport in New York City. The construction tower here is located on top of a five- or six-story terminal building. It would be nothing short of ridiculous for this Congress to enact legislation which would exclude terminal building construction from the Federal Airport Act and thereby make it impossible to locate control towers and air traffic control centers in these buildings where they can best promote maximum safety in air commerce.

The SPEAKER. Without objection, the previous question is ordered.

Mr. HALLECK. Mr. Speaker, on that I demand a division.

The question was taken; and on a division (demanded by Mr. HALLECK) there were—ayes 120, noes 70.

So the previous question was ordered.

The SPEAKER. The question is on the motion offered by the gentleman from Arkansas [Mr. HARRIS].

The question was taken; and on a division (demanded by Mr. HARRIS) there were—ayes 164, noes 37.

Mr. WILLIAMS. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

The motion was agreed to.

A motion to reconsider was laid on the table.

AMENDING MUTUAL SECURITY ACT OF 1954

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7500) with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the Clerk had read through section 1, ending on line 4, page 1 of the bill. If there are no amendments to this section, the Clerk will read.

Mr. LAIRD. Mr. Chairman, I move to strike out the requisite number of words.

Mr. LAIRD asked and was given permission to revise and extend his remarks and to proceed out of order.)

Mr. LAIRD. Mr. Chairman, the Soviet newspaper Pravda has attacked the action of the U.S. Congress in adopting the amendment which I proposed to the Defense Appropriations Act for 1960. The so-called Laird amendment provides that no funds shall be available if par-

ticipation in the winter Olympic games is denied any of the free countries of the world. This measure is now before the U.S. Senate. It is most important that this amendment not be deleted by the Senate. The defense appropriations bill contained an item of \$400,000 to defray the cost of military support to the winter Olympic games to be held in Squaw Valley. Without military support, the winter Olympic games cannot be held in Squaw Valley in 1960.

United Press International yesterday carried the following story reporting Soviet newspaper Pravda's attack on the action of Congress in adopting this amendment:

Moscow.—A Soviet newspaper accused the United States today of having made a political issue of sports by criticizing the recent expulsion of Nationalist China from the International Olympic Committee. Komsomol Pravda said proposals by U.S. Congressmen to uphold a \$400,000 appropriation for the 1960 Winter Olympics in Squaw Valley, Calif., would "undermine the prestige of American sport and show the world the true value of their hospitality."

The newspaper said: "The expulsion of the Chiang Kai-shek group from the Olympics aroused the unconcealed irritation and indignation of some American political leaders * * *. The fuss around the expulsion testified once more to the fact that Washington is trying to subordinate sports to politics."

Pursuing their selfish aims, the people in Washington wish to create a so-called situation of two Chinas.

Mr. Chairman, it was the International Olympic Committee which entered the field of politics through its expulsion of the Republic of China from participation in future Olympic games. The action of this committee was brought about by extreme pressure from the Soviet Union.

Red China refused to participate in the last Olympic games because the Republic of China and its legally constituted Government on Formosa accepted an invitation to participate. The non-participation of Red China in the Olympic games was by choice and not through action of the International Olympic Committee. The Committee by voting to exclude the Republic of China is clearly injecting itself into international politics.

The Soviet Union came to the International Olympic Committee and demanded that the Republic of China be denied the opportunity to participate in future Olympic games. The action of the International Olympic Committee in appointing itself the final judge of governmental nomenclature was purely political. Mr. Avery Brundage of Chicago, the U.S. member on the Committee, must certainly realize that his Committee can remain superior to international politics only if it stays aloof from squabbles which do not concern it.

It is my sincere hope that the Senate will concur in the amendment to the defense appropriations bill which was passed by the House of Representatives.

Mr. JACKSON. Mr. Chairman, will the gentleman yield?

Mr. LAIRD. I am happy to yield to the gentleman from California.

Mr. JACKSON. Mr. Chairman, I concur wholeheartedly in what the gen-

tleman has had to say with respect to the International Olympic Committee and its actions in this instance. However, I should like to point out that the responsible governing agency for the Winter Olympics has made its position quite clear.

Mr. LAIRD. The Organizing Committee.

Mr. JACKSON. The Organizing Committee has completely divorced itself from the action of the International Olympic Committee in this respect.

Mr. LAIRD. That is correct.

Mr. JACKSON. I thank the gentleman.

Mr. LAIRD. Mr. Chairman, I would like to insert in the RECORD at this point a news release issued by the Organizing Committee of the VIII Olympic Winter Games:

The International Olympic Committee is an independent, self-perpetuating organization composed of some of the world's most prominent private citizens coming from some 90 nations. It has no governmental status or function, but concerns itself solely with the conduct of the Olympic games and its own membership. Mr. Avery Brundage, of the United States, is the president of the International Olympic Committee.

The International Olympic Committee, in their meeting in Munich, Germany, on May 28, 1959, voted to withdraw recognition of the Nationalist Chinese Olympic Committee as currently represented by delegates from Formosa (Taiwan) on the grounds that this group did not control sports on the China mainland.

This, in effect, opened the door for Red China to reapply for International Olympic Committee membership on the basis that the Communist government does control sports on the great land mass of China proper. It is important to note that Red China is not now a member of the International Olympic Committee. Red China was a member, but resigned when the International Olympic Committee refused to give them jurisdiction over sports on Formosa and continued to recognize Nationalist China.

This action on May 28 by the International Olympic Committee, however, resulted in the impression being created in the United States that Nationalist China was being expelled and that Red China was made a member.

Insofar as the coming VIII Olympic Winter Games during February 1960 in Squaw Valley are concerned, the impression was created that Nationalist China could not compete and that Red China could and would. Such is not the case.

Mr. Brundage himself said that it was not correct to say that the Chinese National Olympic Committee, with headquarters in Taipei, was ousted or expelled since this organization has been a member in good standing for many years, and there was no reason for withdrawing recognition, except for its name.

Prior to the meeting in Munich, the Organizing Committee, VIII Olympic Winter Games, in conformity with the International Olympic Committee's own rules of procedure, had issued formal invitations to all member nations, including Nationalist China, to attend the Squaw Valley Games. Also prior to the Munich International Olympic Committee meeting, the Organizing Committee for Squaw Valley received an acceptance from the Nationalist Chinese Olympic Committee, with headquarters in Taipei.

It so happened that the Munich International Olympic Committee meeting came at a time when the Congress was considering the defense appropriation bill for the fiscal

year beginning July 1, next. The bill contained an item of \$400,000 to defray the cost of military support to the Squaw Valley Games, previously authorized by the Congress. Due to the aforementioned confusion (that Red China was in—Nationalist China out), some Members of Congress quite understandably raised strenuous objections to this supposed action of the International Olympic Committee, and as a consequence of their displeasure, threatened to deny these badly needed funds to the organizers of the Squaw Valley Games.

In an effort to clarify the situation, therefore, the Organizing Committee felt it necessary to present the committee's position, as stated in the following telegram which was dispatched to several Members of Congress, including the entire California delegation:

"Recent action of International Olympic Committee does not make Red China member of that body. They cannot and will not participate in VIII Olympic Winter Games. The Organizing Committee invited Nationalist China and they accepted prior to International Olympic Committee action. The Organizing Committee will stand behind this invitation and accept entries of Nationalist China competitors at Squaw Valley. Therefore this International Olympic Committee action has no actual effect whatsoever on our conduct of the Squaw Valley Games.

"ROBERT L. KING,
"Executive Director, Organizing Committee, VIII Olympic Winter Games."

The House of Representatives did pass the requested appropriation with an amendment proposed by Mr. LAIRD of Wisconsin providing that the funds shall not be available if participation in the games is denied "any of the free countries of the world." This measure is now pending in the U.S. Senate, and passage is predicted.

The Organizing Committee is appointed by the U.S. Olympic Committee and operates under the guidance of the International Olympic Committee. It is composed of some of the country's most outstanding and dedicated business and civic leaders, and they have given unstintingly of their time and effort to insure that the VIII Olympic Winter Games will be staged in a manner to reflect credit upon the United States as it plays the role of host to this outstanding and significant world event. To this end the military support already authorized by the Congress is a prime necessity.

Obviously the Organizing Committee can take part in the controversy which has developed only to the extent in which it concerns Squaw Valley. Here the committee strongly feels its position as outlined in the above quoted wire is correct and it sees no conflict with the International Olympic Committee ruling. The latter came after the invitation to Nationalist China was extended and accepted, and cannot be effective *ex post facto*. As far as the Organizing Committee is concerned, Nationalist China has been invited, has accepted, and will participate in the Squaw Valley games.

Mr. BURLESON. Mr. Chairman, I move to strike out the last word.

(Mr. BURLESON asked and was given permission to extend his remarks.)

Mr. BURLESON. Mr. Chairman, I know the chairman of my committee, would have been glad to have yielded me time yesterday in general debate, but I felt since there was a shorter time than has usually been allotted to the discussion of this measure I would wait until this opportunity.

Mr. Chairman, I ask unanimous consent that I may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. MASON. Mr. Chairman, I will have to object.

Mr. BURLINSON. Mr. Chairman, during the past several years, and particularly during the consideration of mutual security legislation, I have wondered from whence came its support. Finally, I have concluded it comes from numerous sources and for numerous reasons.

First. It is seemingly supported by the biggest businesses of our Nation. Since it is said that three out of every four dollars spent on foreign aid is returned to the economy in this country, I would assume it is good for big business.

Second. Support comes from the large labor groups, and for much the same reason as that of big business.

Third. Several of the big farm organizations have consistently supported foreign aid.

Then comes the national and international religious organizations who lend their support on humanitarian grounds.

Next come the intellectuals whom we usually find in the forefront. Many of these are also dedicated to humanitarian motives, but many also seem to wish to remake the rest of the world in our own image. Some seemingly want to remake and mold the rest of the world in the image of their own philosophies, which they have been unable to promote to the fullest extent in this country.

I suppose that leaves those of us in the minority on this question in the position of not having a view broad enough; in a position of not being sympathetic to the plight of other people around the world less fortunate than ourselves; in a position of not realizing the economic and military threat of the Soviet Union. Categorically, I deny that such is the case on the part of myself and many others I know who would like to support and vote for a modest and sensible effort to keep and hold our place in the sun and to assist other free nations to do the same. Unfortunately, those who advocate bigger and bigger programs of foreign aid will not allow us to do so.

As important as is the cost of this program, even that may be a secondary consideration. The prime consideration is the fact that many features in the bill before us today are based on philosophies which have thus far been rejected in this country. The economics cannot be divorced from the philosophy, and the Development Loan Fund is perhaps the best example. In the limited time I have, I shall use this provision to illustrate.

The administration recommended a 1-year authorization of \$700 million for the Development Loan Fund. I offered an amendment in the committee to reduce this sum to \$500 million and a provision to tighten the administration of the loan program. The committee rejected my amendment and then added \$100 million to the President's request, making authorization in this bill for the fiscal year of \$800 million.

What is the Development Loan Fund? It has been discussed from year to year, and the very first explanation given of

it stressed the fact that from the psychological standpoint, it would give foreign nations a more dignified status to borrow our money than to have it given to them by outright grants. This, I doubt, and further doubt that very many people in very many of the underdeveloped nations ever know where the money actually comes from, whereas if it was given to them, administered by responsible officials of both our Government and the recipient nation, more efficiency would be obtained and more people would know where the assistance came from.

Under the present so-called Development Loan Fund, it is a government-to-government proposition. Someone will remind me that it provides for borrowing from the Fund by private enterprise, which in turn develops projects in foreign nations. Can anyone point to any such arrangement thus far? True, I understand there are some applications, but what it will amount to is this Government making exceedingly soft loans to foreign nations, which will enrich some government officials, but in many instances will never reach the people themselves.

Furthermore, the repayment of these "soft loans" is purely theory. The loosest possible provisions are made in the bill for the repayment in the local currency of the borrowing country. Now, the local currency of Laos, Iran or one of the new nations in mid-Africa deposited in the Treasury here in Washington, it is not going to retire the huge national debt of this Government. Neither will it pay interest on the bonds which the administration is now asking the Congress to increase. It can only be spent in the country of its origin, and for just what, no one is sure. It can, however, be canceled or returned to the Government as a gift, and that is the end of it. We call it a loan. The real psychology treatment by calling it a loan is on the American taxpayer. In my honest opinion, it is a subterfuge.

If \$800 million in this bill is not enough, you may have opportunity to consider a billion dollars each year for 5 years, which the Senate of the United States may send over to us. Better that we should say now that we are not going to perpetrate a subterfuge costing \$800 million on the U.S. taxpayer.

Even greater than the economic aspects, if anything more is needed, is the encouragement of purely socialistic practices in other nations, which are not accepted by our own. We do not yet have socialized medicine, socialized schools, socialized and nationalized industries, but by this action we impose it on others. At the same time, we preach the free private enterprise philosophy.

There are many other features of this particular provision which should be more fully discussed, but time does not permit.

Turning now to another comparatively small program, but one which should not be approved by this Congress if it only cost 40 cents, much less \$40 million.

It is money to be granted the United Nations for the United Nations Ex-

panded Program of Technical Assistance. What does this mean? Well, it is supposed to mean that it replaces the old SUNFED organization of the United Nations. This was the Special United Nations Fund for Economic Development. The U.S. Representatives in the United Nations opposed this proposal, recognizing it as an attempt to bring the vast sums of economic assistance provided by the United States under the influence of Soviet Russia and subjecting it to the political intrigues of this international political body.

Incidentally, let me call your attention to the fact that as long as Senator Tom Connally, of Texas, was chairman of the Foreign Relations Committee of the U.S. Senate, he prevented approval of a number of these offshoots of the United Nations, which are now pulling it down to disrepute. The Security Council is and has been the cornerstone for peace in the world, but it is being overgrown and smothered by these creeping socialistic programs.

Now this new program called the United Nations Special Fund is under section 203(b)(1). This "Special Fund" is headed by Mr. Paul Hoffman. Mr. Hoffman recently made a speech in which he advocated a \$3 billion expenditure which would be recommended through research under the program. The resolution of the United Nations adopting this Special Fund, says in part "Provides systematic and sustained assistance in the fields essential to the integrated technical economic and social development of the less developed countries." In a more recent speech in Detroit, Mr. Hoffman advocated a \$30 billion expenditure for projects recommended by this program over a period of 10 years.

In other words, this Special Fund, as I understand it, is to support a group who will investigate "economic and social development of the less developed countries" to find projects for which could be spent \$30 billion in 10 years.

Let us see who actually administers this program, the total of which calls for \$100 million, of which we contribute 40 percent, or \$40 million. Mr. Hoffman's title is Managing Director, Special Fund. I doubt he would have very much to do with its actual administration. The Deputy Director is a British West Indian Socialist. The Executive Chairman is also a British Socialist, assisted by a naturalized British radical Socialist born in Germany. The Director of the Technical Assistance Administration is a Canadian Socialist, and he is assisted by a French radical. Should anyone desire the name and background of these individuals, I shall be glad to furnish it to them.

These are the people who will spend \$40 million of U.S. taxpayers money. Do you want to support a measure like this? I offered an amendment in the committee to delete this provision, but was outvoted.

This is what I mean when I say that regardless of the cost, there are some things in this program which simply do not sound American. I would not vote for them at any cost.

Mr. Chairman, I say again it is with regret that obviously there is no opportunity to support and vote for a modest, sensible bill to meet the competition and threat of Soviet military and economic expansion around the world. I do not believe that any amount of money alone will gain the goals and objectives for which we should be striving. We are actually imposing economic burdens upon many peoples of the world by reason of our lavishness. I believe my colleague on the committee, the gentleman from Georgia [Mr. PILCHER] pointed out in his speech of yesterday that the Comptroller General testified before our committee that in his opinion more failures in the foreign aid program have occurred because of too much money rather than not enough. This program could continue at about its present volume for the next 2 years if no more money was authorized. There is no question but that money available from past appropriations would be stretched over a much longer period and would probably accomplish as much or more than adding these new billions in this bill.

It is not enough to simply blame the bureaucrats. We have ourselves to blame by appropriating these huge sums of money, for which they must find places and purposes to spend it. What could we expect except waste extravagance and many failures.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

STATEMENT OF POLICY

SEC. 2. (a) Section 2 of the Mutual Security Act of 1954, as amended, containing a statement of policy, is amended by inserting the following sentence immediately before the first sentence of subsection (a) thereof: "It is the sense of Congress that peace in the world increasingly depends on wider recognition, both in principle and practice, of the dignity and interdependence of man; and that the survival of free institutions in the United States can best be assured in a worldwide atmosphere of expanded freedom."

(b) Such section 2 is further amended by adding at the end thereof the following:

"(d) It is the sense of the Congress, recognizing the interdependence of the freedom and progress of liberty-loving people everywhere, that the United States within the limits of its other obligations has an abiding interest in assisting the efforts of the people of the world to realize their aspirations for improved living standards, for education, for governments of their own choosing, and for dignity and respect as individual human beings."

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 2, line 9, strike out "abiding."

Mr. BENTLEY. Mr. Chairman, this amendment is probably the simplest one of all those that will be offered during the consideration of this bill. As the Clerk has just read, the Committee on Foreign Affairs added a new paragraph to the statement of policy of the mutual security legislation which reads as follows:

(d) It is the sense of the Congress, recognizing the interdependence of the freedom and progress of liberty-loving people everywhere, that the United States within the

limits of its other obligations has an abiding interest in assisting the efforts of the people of the world to realize their aspirations for improved living standards, for education, for governments of their own choosing, and for dignity and respect as individual human beings.

Mr. Chairman, those are very noble, eloquent, and splendid words to include in our statement of policy. My exception to it and the purpose of my amendment is the word "abiding" on line 9 of this page. The definition in Webster's International Dictionary of the word "abiding" means either "lasting" or "continuous." Now, it may be all very well to have in our minds the fact that we will have a lasting and continuous interest in assisting the people of the world in these various programs. But I tell you, Mr. Chairman and members of the Committee, that with the word "abiding" remaining in the statement of policy, it will be a clear signal to all recipients of our foreign aid program throughout the world that this program has now been placed on a lasting and continuous and permanent basis. If the members of the Committee desire to so indicate this statement of policy to the peoples of the world, that the program is now, indeed, a permanent one, that, of course, is the prerogative of the Committee and the House to do so. But I think the attention of the Members should be called to what effect the inclusion of this word will have, that it will be a clear signal on the part of the House that this program is now a permanent one and it will be so construed and so interpreted, I say, by peoples everywhere throughout the world that the program is not any longer temporary, but it is at last permanent. I think the Members should be offered an opportunity on this first amendment that we have to the bill, H.R. 7500, to decide for themselves whether it is to be considered as permanent or as a temporary program.

Mr. Chairman, I yield back the remainder of my time.

Mr. BOWLES. Mr. Chairman. I rise in opposition to the amendment.

Mr. Chairman, I think the honorable gentleman from Michigan has drawn some very far-reaching conclusions from some very simple language. I believe America definitely does have an abiding interest in the welfare of the people of this world and an abiding interest in their growth and dignity under freedom. I think that if the Congress of the United States were deliberately to take the position that we do not have an abiding interest in these things, it would only serve to make us appear ridiculous before the world.

The amendment carefully states that the interest that we take in these matters is clearly within limits. Specifically the amendment states that this abiding interest of our Government is "within the limits of its other obligations," this would seem to be an ample safeguard against the implications the gentleman suggests.

I believe that our dedication as a people to the principles laid down in this amendment are clear. The people of America do have an abiding interest in those principles. It is deeply in the

American tradition for us to have an abiding interest in assisting people of the world to realize their highest democratic aspirations and I think we should say so.

Mr. BENTLEY. The language of the bill reads "has an abiding interest in assisting the efforts of the people of the world to realize their aspirations"—

Mr. BOWLES. It clearly specifies that this responsibility is within the limits of our other obligations.

It seems to me the language is clear and that it should be maintained in this bill.

Mrs. CHURCH. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I rise for the purpose of pointing out that while the purpose of this new paragraph containing "abiding" is admirable, the expression of the purpose is very far reaching. For instance, if the word "abiding" is left in this paragraph, we are expressing "abiding" interest actually in assisting the people of the world to realize their aspirations for governments of their own choosing. That would seem to involve a dangerous latitude. Certainly this country, I hope, has no intention of pledging, without appropriate reference and Executive decision when each situation may arise, military assistance to the people of the world in establishing governments of their own choosing, however much we believe in the right of peoples to have such self-government. Wishing that people may have governments of their own choosing is very different from saying that we will assist them militarily to attain that objective, which I think this paragraph could be interpreted as meaning. At least, the word "abiding" should be eliminated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. BENTLEY) there were—ayes 64, noes 54.

So the amendment was agreed to.

Mr. McCORMACK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McCORMACK: On page 2, line 11, after the word "for" before the word "improved" insert the words "justice and."

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MORGAN. Mr. Chairman, after consultation with the minority side, the committee has no objection to this amendment.

Mr. CHIPERFIELD. Mr. Chairman, we have no objection to the amendment.

The CHAIRMAN. Without objection, the amendment is agreed to.

There was no objection.

Mr. DOWDY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Dowdy: On page 2, after line 13, add the following:

"(c) Such section 2 is further amended by adding at the end thereof the following:

"(e) It is the sense of the Congress that inasmuch as—

"(1) the freedom and progress of liberty-loving people everywhere depend upon a financially solvent United States;

"(2) the U.S. Government has undertaken many responsibilities to its own citizens;

"(3) the public debt of the United States already vastly exceeds the combined debts of all the other nations on earth; and

"(4) the United States owes some consideration to its own citizen-taxpayers,

no appropriations shall be made under this act which would have the effect, directly, or indirectly, of increasing the public debt of the United States."

The CHAIRMAN. The gentleman from Texas is recognized for 5 minutes in support of his amendment.

Mr. DOWDY. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

Mr. MASON. Mr. Chairman, although I am in full accord with the gentleman, I have to object.

The CHAIRMAN. Objection is heard. The gentleman is recognized for 5 minutes.

Mr. DOWDY. Mr. Chairman, I feel the purpose of this amendment is pretty clear. In shorter words, it merely says it is the sense of Congress that a little sense should be put in this foreign aid program.

In the administration's request for this additional extension of foreign aid, no consideration is shown for the taxpayers.

The first section of this bill, which I seek to amend, does not indicate any consideration for them. It is devoted to pious beat bromides and pious platitudes about our great duty to foreign governments, to the neglect of, and downright disregard of the interests and welfare of our own people.

I did not come to Congress to represent fair-weather foreign "friends," Communist-sympathizing, pro-Communist, and Communist governments. They will have to find their advocates somewhere else. I am here to represent Americans.

My proposed amendment takes into consideration the fiscal condition of our government, its responsibilities to American citizens, and concern for the taxpayer. The amendment would prevent the borrowing of money to be given away. The administration said it was presenting a balanced budget to the Congress for fiscal 1960. If that be true, the adoption of the amendment would not affect foreign aid gifts in fiscal 1960.

If the assertion was false, then the amount of expenditures under this authorization would be reduced, in whole or in part, according to the money available.

My amendment will be opposed by all the free-spenders, and will likely also be opposed by some on both sides of the aisle who in other respects have made it a practice to publicly insist upon fiscal responsibility on the part of Members of Congress. If my amendment is adopted, it will force fiscal responsibility, at least insofar as this program is concerned. What could be more responsible than to demand that if Congress and the Administration is going to expend money in this fashion, that

the money be raised to cover it, rather than by increasing the national debt. It is my understanding that tomorrow, this House will be asked to vote to increase the debt limit to \$295 billion.

I do not feel that this amount of expenditure for foreign aid is justified, but if the majority disagrees with me, and is determined to give this money away, why doesn't the Congress have the courage to raise it by taxation, rather than borrowing it, and burdening our children and grandchildren with debts we have incurred.

My amendment ought to be supported by every Member of this House who has any sense of financial responsibility. It ought to be supported by every Member who has introduced or supported the sense of Congress resolutions that the debt ought to be reduced, either by 1 percent a year, or by any other amount. I would expect every Member who participated in the discussion about debt reduction on this floor last February 25, to vote for my amendment.

If none of that expected support disappoints me, this amendment will make a respectable showing. I expect to ask for a vote by division, in order that the people who have to pay will know how much support there is for responsibility in this program. I wish it were possible to have a record vote, as sound government demands that we pay our way. My amendment would insure that we pay our way in fiscal 1960; otherwise, it looks to me that there will be a budget deficit of several billion dollars, on top of the \$13 billion deficit this year.

I do not expect the amendment to be adopted; the Houses of Congress will take the easy way, and let future generations worry about footing the bill. To face up to meeting the payments now would require a courage that is not present.

But just remember this—one of two things are coming soon—it will be either payday, or repudiation.

There have been statements, I believe, from administration sources that this program is to be continued for 30, 40, or 50 years. But another verse should be added which is "unless this Government and its taxpayers are not earlier bankrupted."

Our generation and the following must put America first over the arrogant ambitions of tyrants and those who insult us at the time they demand our money. The United States has gone deeply in debt to spend and is still spending billions on foreign nations that have no gratitude for American generosity; nor have any practical advantages come to the United States from its policy of paying foreign friends. As Members of Congress, are foreign nations our sole and only responsibility? As Representatives of our constituents, do not we owe our own people some consideration?

I trust this amendment will be adopted.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Texas.

Mr. Chairman, this would nullify the whole foreign aid program, we would have to terminate it altogether. What

other alternative does the gentleman from Texas offer to us when we are facing this great international threat from communism?

We are here today sponsoring continuance of the program which has the wholehearted support of the President, the Secretary of Defense, the Secretary of State, and the Chairman of the Joint Chiefs of Staff, all of whom recommend and urge this amount for the security of the Nation. As I stated in my former remarks, I realize that \$3,600 million is a lot of money for this foreign aid program, but we are fighting a cold war.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Minnesota.

Mr. JUDD. Did the gentleman, so far as we know, offer this amendment when we were discussing the appropriation bill for the Department of Defense in the amount of \$39 billion? I will say that if the gentleman had offered it to that bill and it had been adopted, then I would vote for it as an amendment to this bill as part of our total defense. But not to offer this to the bill providing \$39 billion for our defense, and then to accept it on this bill which every military leader says is part and parcel of our national defense, would be to endanger and cripple the purpose of the \$39 billion which we have already voted for the other parts of our total defense.

Mr. MORGAN. Now, the foreign aid bill this year is only 4.5 percent of the Federal budget. The agricultural appropriation is 7 percent of the Federal budget. The Veterans' Administration is 6.6 percent of the Federal budget.

Mr. Chairman, I say this amendment would terminate this bill. If the Members want to shut off debate and terminate the bill, then let us support the amendment offered by the gentleman from Texas.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, the annual multibillion dollar giveaway carnival is with us again.

The medicine men, as represented by Eric Johnston, Paul Hoffman, and William Draper, Jr., among others, have done their work well in setting the stage for the various sideshows that provide the hoopla to entice the cash customers to the main tent.

No expense has been spared to make this one of the most glittering attractions ever to come down the pike.

Even though Americans are staggering under a Federal debt of more than \$286 billion, and the debt managers at the U.S. Treasury are floundering and grasping at straws to keep from drowning in the riptide of a \$13 billion deficit and refinancing of billions of the huge debt already outstanding, the show must go on.

It is not clear at the moment where Eric Johnston, the \$150,000 a year lobbyist for the movie industry, which has a rich stake in film exports, is getting the

money to promote his part of this year's show. Last spring he had the blessing of the White House in staging his Washington extravaganza in behalf of the foreign giveaway. It is reported there may be some Rockefeller or Ford Foundation money in at least one of his latest promotional ventures.

Paul Hoffman, although an unsuccessful auto manufacturer, is richly experienced in dishing out the taxpayers dollars for he was an administrator of the foreign handout program prior to 1950. Hoffman now draws down a nice, tax exempt salary as the high factotum of the United Nations Special Fund and in this position contributes his share to the propaganda campaign.

Incidentally, Hoffman, the genius at spending other people's money, is now clamoring for some \$70 billion to be spent on his glorious SUNFED operation during the next 10 years.

William Draper, Jr., operator of a power company in Mexico, answered the clarion call of the White House to peddle more foreign aid to our long-suffering taxpayers and the Draper Committee was born. Aided and abetted by Under Secretary of State C. Douglas Dillon, a former international banker, and endowed with \$400,000 from the President's so-called emergency fund, Draper and his blue ribbon committee took a quick swing around the world and came back to report that there was nothing wrong with the foreign aid program that an additional \$400 million would not cure.

And, believe it or not, Draper advocated the obligational or back door approach to the Treasury, if necessary, to get the money. Read his testimony before the Foreign Affairs Committee.

Why, if this program has produced results, is it necessary to hire and pay with public funds a bunch of hucksters to sell it to Congress and the American people? The answer is that the program is not working.

Deputy Under Secretary of State Loy W. Henderson makes this unqualified statement: "I do not think that our position in the world is getting any better."

Yes, through the years and the fiction of foreign aid, millions and billions of our dollars have been used for every conceivable purpose—from retiring the internal debts of foreign governments to the building of a bunch of outhouses on the fringe of the jungles near Manila. No foreign problem has been too large and none too small that it could not be resolved by the simple expedient of kicking open the door to the U.S. Treasury.

It has been interesting to hear some of the statements in attempts to rationalize this multimillion-dollar spending with President Eisenhower's professed demands for a balanced budget and a sound dollar. Or was that just a gentle economy breeze that has been wafted along Pennsylvania Avenue?

It has been stated repeatedly that unless this program is continued the world will fall to Communist aggression. The real deterrent to Communist aggression has been and is today the ability of U.S. military forces to destroy, if necessary, the nerve centers of communism.

To say that had this country not expended \$80 billion on foreign aid the Communists would have taken over is a rank assumption, completely unsupported by any facts.

To say that we have strong and reliable allies as a result of our vast spending and dissipation of the resources of our people is ludicrous. Take this example. We have poured billions of dollars into France, the key to the landmass of Western Europe, yet today the French Government refuses to place its naval forces in the NATO pool; its effective land forces are in North Africa, and that Government refuses to permit U.S. planes to use bases we have constructed in that country if those planes are armed with the weapons we must use in the event of Communist aggression.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GROSS. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. GROSS moves that the Committee do now rise and report the bill to the House with the recommendation that the enacting clause be stricken out.

Mr. GROSS. Mr. Chairman, let us continue assistance to Nationalist China, South Korea, Greece, and Turkey, nations which need help and which have given ample evidence that they can be expected to stand against the Communist conspiracy. Assistance to these nations can be provided at a fraction of the present cost.

The distinguished majority leader, the gentleman from Massachusetts [Mr. McCORMACK] in his remarks on Monday, said that when he meets a group of youngsters touring the Capitol he is always concerned with what the future holds for them. I share that concern, and I am especially concerned by the terrible yoke of mortgage, in the form of Federal debt alone, that the Congresses of the United States have clamped around the necks of the youngsters of this country.

The time is here, now, to put our house in order. This bill ought to be returned to the Foreign Affairs Committee with instructions that drastic reductions be made and notice served that the U.S. Treasury is not a bottomless pit; that it is not within the capacity of American taxpayers to carry the burdens of all the world.

Mr. COFFIN. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, when one faces an amendment such as this, it poses a problem. The sponsor of the original amendment admitted that he did not expect this to pass, and I think we could do without any further debate on it. And yet there is a danger that in your very sincere desire to improve the lot of your constituents and to make a gesture toward economy, you would vote for this. It would be a great tragedy if this amendment carried. It would be a most serious kind of attack on our security.

Mr. DOWDY. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman.

Mr. DOWDY. I assure the gentleman that my amendment was offered in perfectly good faith and that I believe it should be adopted.

Mr. COFFIN. The gentleman's good faith cannot be questioned, but I merely said that he said that he did not expect that this would be passed; and God willing it will not be passed. One reason is this. The gentleman from Iowa [Mr. Gross] just made one of his typically incisive speeches, but have you ever thought what would happen to the gentleman from Iowa [Mr. Gross] if this amendment carried and we abolished the foreign aid program? The gentleman would be one of the most unhappy Members in the House.

Mr. GROSS. Mr. Chairman, if the gentleman will yield, that is what the gentleman from Maine thinks.

Mr. MASON. That is a supposition.

Mr. GROSS. Like some of the assumptions we have had in respect to the bill.

Mr. COFFIN. This is serious. The public debt of this country is high. It is higher than that of these other countries. We are aware of the statistics. But it is not as high, proportionately to our national income and our gross national product, as it has been in the past when we did not hear this argument. It is lower by 20 or 30 percent of the gross national product. Our standard of living is around \$2,000 per person, and even in Western Europe the standard is not much over \$1,000. And in the underdeveloped countries it is about \$150 a year.

Do you know what you would save if you knocked out the foreign aid program? You would save sixty-five one-hundredths of 1 percent of the interest on the national debt. We pay more for cigarettes than we do for this foreign aid program. We pay more for postage stamps. This is only one-tenth of our installment buying. This is two-fifths of the amount that we spend on liquor. What would happen if we saved sixty-five one-hundredths of 1 percent of the interest on our national debt? We will add untold billions to our defense appropriation. We will cut off all possibility of increasing trade with a free world that is at peace and on the ascendency.

I do not think any Member of this House, if he thought that his vote was going to be the deciding vote on this amendment, and that there would be no recourse to any other body or a Presidential veto, would cast his vote for this amendment.

Mr. Chairman, I was never more serious than when I said that this amendment should not be adopted.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Iowa [Mr. Gross].

The motion was rejected.

Mr. MASON. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I do this in order to correct the mathematics that we have been listening to; \$70 billion of our present national debt of \$285 billion is due to our foreign aid program. That means about one-fourth the interest we are paying on our national debt today

is due to our foreign aid programs. That is considerably more than the amount of interest due to foreign aid you have listened to or as to the national debt and the interest that we are paying on it.

[Mr. ALGER addressed the Committee. His remarks will appear hereafter in the Appendix.]

[Mr. DOWDY addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like to try to answer the statement which was just made to the effect that the mutual security program has increased the national debt by \$70 billion that being approximately the amount that has been spent on the program. I also seek to answer the other statement that every dollar in this bill will be borrowed money.

I can illustrate my point, Mr. Chairman, by telling you a little homely story about a family that had an income of about \$6,000 a year. When the end of the year came, they found that they had spent \$6,600, and they had to go out and borrow \$600. They felt rather badly about it. The husband said to the wife, "Those hats and dresses you bought are what has caused us to go into debt—\$600 in debt just because of your foolish extravagances."

To which the wife replied: "Not at all. Look at the money you spent on that fishing tackle and that fishing trip you took. That was all spent out of borrowed money and has thrown us into debt."

Mr. Chairman, that is the type of arguments that are being made to this Congress. They should not be made before this body of intelligent men. Let us be fair and get down to facts.

If we have a \$77 billion budget, and we overspend by \$1 billion, then one-seventy seventh of every expenditure during that year must be charged as having been made out of borrowed money. So let us kill for all time, if we can, that type of argument.

In closing, I want to answer the gentleman from Iowa who vigorously opposed the mutual security program by quoting what the President of the United States had to say in a press conference on February 10 about the mutual security bill. He said this:

If there is any item that I know of that is calculated to give to each of us as a citizen of America the greatest possible return it will be that mutual security appropriation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. Dowdy].

The question was taken; and on a division (demanded by Mr. MASON) there were—ayes 56, noes, 94.

So the amendment was rejected.

Mr. FLYNT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

On page 2, immediately below line 13, insert the following:

"LIMITATION ON APPROPRIATIONS

"SEC. 3. The Mutual Security Act of 1954, as amended, is amended by inserting immediately after section 2 thereof the following:

"SEC. 3. LIMITATION ON APPROPRIATIONS.—Notwithstanding any other provision of this Act, no authorization for appropriations for any fiscal year contained in this Act shall take effect until the Congress adopts a concurrent resolution (1) which states in substance that the Congress finds that the aggregate of the estimated net budget receipts of the Government of the United States for the fiscal year concerned will exceed the aggregate of the estimated expenditures which will be made by the Government of the United States for purposes other than those contained in this Act, and (2) which specifies the amount of such excess. After the adoption of such a concurrent resolution for any fiscal year, the total of appropriations which may be made for carrying out this Act for that fiscal year may not exceed the amount specified in such concurrent resolution as the amount by which the estimated receipts of the Government will exceed the aggregate of the estimated expenditures for purposes other than those contained in this Act."

Mr. MORGAN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Georgia is recognized.

(Mr. FLYNT asked and was given permission to revise and extend his remarks.)

Mr. FLYNT. Mr. Chairman, this amendment is offered to write into the Mutual Security Act the expressed intention of Congress to provide fiscal responsibility in connection with this program. It is not only an amendment to the pending bill but adds a new section to follow section 2 of the Mutual Security Act of 1954.

The adoption of this amendment would go one step further. It would provide a substantial measure of financial responsibility in the operation of every phase of the expenditures of our Government. It would require a balanced budget before the provisions of the pending legislation could become effective. In the preparation of this amendment a few days ago, I read very carefully the statement of policy contained in the original act and that section of the pending bill which amends that statement of policy. At this point I would like to refer specifically to lines 1 and 2 on page 2 and to that portion which reads "and that the survival of free institutions in the United States can best be assured in a worldwide atmosphere of expanded freedom."

It is well for us to manifest our interest in other nations and in other peoples throughout the world, but it is far more important that we as the representatives of the people of the United States give some soul-searching thought to the survival of free institutions in the United States. I do not believe that we can survive as a free nation composed of free people or that we can preserve our free institutions unless we begin to apply the brakes to deficit spending year in and

year out. Unless we do give some modicum of thought and consideration to fiscal responsibility and attempt to operate our Government within a balanced budget, and if possible make some payment on the principal of our national debt, we will surely destroy ourselves by complete devaluation of the dollar and repudiation of our national debt.

It is not my purpose in offering this amendment to in anyway hinder, jeopardize, or wreck this program. On the contrary I feel that it would really have the effect of strengthening the entire program of mutual security.

We are told from time to time that the mutual security program is a necessary part of the security of the United States and that without it, our defense establishment would be inadequate. We are further told that without the mutual security program the foreign policy of our Government as administered by the President and the Department of State would collapse because the advocates and proponents of this legislation state to us that the foreign policy of our Government is built around the mutual security program.

If these statements are true and if this program is needed that badly, then those who advocate it and sponsor it should be willing to eliminate certain other governmental functions which cost approximately the same amount as does the mutual security program or, in the alternative, propose additional taxes to support it.

The language of this amendment is perfectly clear and does not require any explanation of its intent. It has been carefully worded and appears to be technically correct. If adopted it would not in any way interfere with the operation of the mutual security program—provided the Treasury of the United States can afford it. The best information available to us indicates that the amount of the national debt of the United States exceeds the combined national debts of every other nation in the world, including Soviet Russia and 18 Soviet satellites. This statement was, I believe, made by a member of the Committee on Foreign Affairs during general debate on yesterday and from the information available to me it is a correct statement.

Still another member of the Committee on Foreign Affairs, during the debate on this bill under the 5-minute rule, sought to defend the staggering size of the current U.S. national debt by saying that it is proportionately smaller in comparison with U.S. gross national product than in previous periods in our history.

The statement concerning the relative size of our current debt figure compared to our gross national product may or may not be correct but there can be no contradiction to the fact that compared to other nations of the world, we are placing ourselves in a relatively precarious position by further increasing the present \$288 billion debt which confronts us. In comparing the size of our own national debt with that of other nations it is interesting to note that included in this very legislation which I

seek to amend are allocations for at least six countries whose own currency has risen during the past 12 months in terms of U.S. dollars.

The mutual security program has been described by many persons, including advocates, including opponents, and including persons who may be indifferent to it, as a desirable thing but nevertheless a very expensive luxury. If it is a luxury, then it is surely an item of Federal expenditure which should be paid only out of surplus funds and under no circumstances should by direction or in-direction have the effect of increasing the national debt of the United States.

If the mutual security program is needed as badly as we are led to believe, then those who advocate it the strongest should be willing to make certain that while providing both military and economic assistance to 71 foreign nations that we should in that same legislation incorporate an amendment such as this which will prevent further deterioration of the economic position of the United States compared to the economic position of other nations of the world.

It is well to be of assistance to other nations and to other peoples if we can render that assistance without materially jeopardizing the future of our own Nation and our own people. If we can provide the advantages claimed for the Mutual Security Program by those who sponsor it without creating a further debt obligation on our Government, it might be deserving of unqualified support. However, if the United States can provide the assistance called for in H.R. 7500, expressed in terms of U.S. dollars as \$3.9 billion, the U.S. Congress which authorizes this assistance should be willing to provide the necessary revenues with which to do it.

Since the first session of the 86th Congress convened on January 7, 1959, there have been many bills introduced to require either a balanced budget, a mandatory reduction of the public debt, or both. There have been many speeches made by Members of this body supporting a balanced budget. This amendment narrows this issue and presents what I believe to be the first opportunity in the 86th Congress to vote for or against a balanced budget. I sincerely hope and trust that all Members who have made budget balancing speeches will support this amendment when it is voted upon.

Let me again emphasize that this amendment is not intended to wreck this program or to wreck the bill presently before the committee. Its sole purpose is to provide a limitation on appropriations which may be made pursuant to the mutual security authorization. I ask that the amendment be adopted.

Mr. MORGAN. Mr. Chairman, I withdraw my point of order.

Mr. Chairman, I rise in opposition to the pending amendment. It is similar to an amendment that was just voted down. That amendment says you cannot authorize an appropriation for military assistance until Congress adopts a resolution saying that the Federal budget will be balanced. This amendment

would certainly put us in the position of increasing our national debt. Our defense expenditures would be greatly increased if we cut out the military assistance program. The chances are our boys would be taken into the service. It states that as long as we have a deficit there will be no foreign aid program. We just voted on an amendment offered by the gentleman from Texas which involved the same principle.

Again, I say if you want to terminate this foreign aid program, adopt an amendment similar to the amendment just offered by the gentleman from Georgia.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. FLYNT].

The question was taken; and on a division (demanded by Mr. FLYNT) there were—ayes 56, noes 94.

Mr. FLYNT. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gross: On page 2, strike out all of lines 6 through 13 and insert the following: "It is the sense of the Congress of the United States that the great rule of conduct for us, in regard to foreign nations, is in extending our commercial relations to have with them as little political connection as possible. So far as we have already formed engagements let them be fulfilled with perfect good faith. Here let us stop."

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I will not take any part of the 5 minutes. At least, a number of Members of the House recognize this language. It is a verbatim quote of one paragraph of Washington's Farewell Address.

Mr. Chairman, I ask for the adoption of my amendment.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Minnesota.

Mr. JUDD. Of course, under the language of that address, the gentleman would have to be for things like the investment-guarantee program, against which he was inveighing yesterday.

Mr. GROSS. Merely to carry out what has already been started and stop.

Mr. JUDD. Read the first part of it.

Mr. GROSS. I have enough confidence in what I have been able to read about George Washington to believe that he would have had less than nothing to do with this foreign handout and entanglement program.

Mr. JUDD. Well, certain parts of it designed to open up the streams of trade are in line with his final advice and counsel.

Mr. GROSS. No; I do not believe that at all. I do not think the gentleman does, either.

Mr. JUDD. I do think that.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. Gross].

The question was taken; and on a division (demanded by Mr. GROSS) there were—ayes 33, noes 84.

So the amendment was rejected.

The Clerk read as follows:

CHAPTER I—MILITARY ASSISTANCE

Military assistance

SEC. 101. Section 103(a) of the Mutual Security Act of 1954, as amended, which relates to military assistance, is amended by striking out "1959" and "\$1,605,000,000" and substituting "1960" and "\$1,440,000,000", respectively.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 2, line 19, strike out "\$1,440,000,000" and insert in lieu thereof "\$1,300,000,000."

[Mr. BENTLEY addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. DORN of New York. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New York.

Mr. DORN of New York. Will the gentleman please answer the question I asked?

Mr. MORGAN. This map was prepared long before the Batista Government was removed from power. There is no military assistance program for Cuba now and none is at present contemplated.

Mr. DORN of New York. Then this map is inaccurate?

Mr. MORGAN. That is correct.

Mr. Chairman, I rise in opposition to the amendment of the gentleman from Michigan [Mr. BENTLEY]. And, by the way, I want to take a moment to thank the gentleman for the nice compliments he paid me yesterday and to say that one of the hardest working members of the Committee on Foreign Affairs is the gentleman from Michigan.

I rise in opposition to this amendment because the committee has already made a substantial and fully adequate military assistance cut. We have cut this to a bare minimum. The Executive asked for \$1.6 billion. The committee, after careful consideration, cut it to \$1,440 million, a reduction of \$160 million. This is \$75 million below the money appropriated for this purpose last year.

Let me say again that this is \$75 million below the figure adopted last year for military assistance in the mutual security program. That figure was \$1,515 million.

The committee cut was designed to meet two situations. First, in some of the less developed countries there has been evidence of military equipment that has been provided at a rate faster than it could be effectively used. The people in some of these countries were not trained in stockpiling, storekeeping, repair and maintenance, and also lacked the basic education to acquire advanced skills rapidly. The Foreign Affairs Subcommittee for review of the mutual security programs, reviewed and looked into the situation in many of these countries. The cuts are based on actual stud-

ies made by that subcommittee, and further developed by the full committee. Second, in some of the less developed countries, the scale of this military assistance is, in effect, the strength of their economy. We have examined this program from top to bottom and we believe the cut is all that the military can stand at this time, if we are going to have an adequate defense in our mutual security partnership.

Mr. WIER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. WIER. Is it not true in connection with this military allocation of funds that just within the last 18 months we have had three nations, that I have in mind at the moment, make use of these military contributions to upset the government that we felt was a friend? As an example, I point my finger at Iraq, Burma, and Pakistan where the military generals when they got their hands on this military aid, immediately proceeded to make possible a revolution to overthrow the government that we were trying to defend; is that not true?

Mr. MORGAN. I think the situation in Pakistan has improved as far as the free world is concerned. That military coup in Pakistan improved the situation as far as the free world is concerned.

Mr. WIER. But whose money was used in Pakistan; was it not ours?

Mr. MORGAN. I am talking about this military foreign aid being used effectively. As far as the free world is concerned, the situation in Pakistan is an improvement.

Mr. FLYNT. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. FLYNT. Did I understand the gentleman to say he thought that because the situation was an improvement, it was money well spent; and does the gentleman go further, to say he thinks this money ought to be used to create revolutions and overthrow governments if such revolutions produce a more stable government?

Mr. MORGAN. No; I do not say that.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Indiana.

Mr. ADAIR. Does the chairman feel that we have actual need for military purposes of \$1,440 million which is the amount contained in this bill?

Mr. MORGAN. I think we actually need it. The Secretary of Defense issued a letter to that effect yesterday that we need every dime of it.

Mr. ADAIR. If the committee retains that figure, then would the gentleman feel that that amount of money ought to be held exclusively for military purposes and not made subject to use for economic purposes?

Mr. MORGAN. I think it should be held specifically for military purposes.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. JOHANSEN. Am I right in my understanding that the situation in Iraq certainly is not an improvement as the result of the revolution; is that correct?

Mr. MORGAN. That is correct.

Mr. JOHANSEN. Can the gentleman say, without stating any figures, whether there was military assistance given to Iraq?

Mr. MORGAN. Yes, military assistance was given to Iraq.

Mr. JOHANSEN. I wonder if there is to be any in this program?

Mr. MORGAN. No military assistance is given to Iraq under this program.

Mr. JOHANSEN. I wonder if the gentleman is aware that either today or tomorrow is the deadline for the removal of the Seventh-day Adventist Hospital in Baghdad under orders of the regime that has now taken over over there, which may be some indication of the attitude toward nongovernmental aid.

Mr. MORGAN. No; the gentleman is not aware of that.

Mr. JOHANSEN. Well, it is a matter of public record and was reported in the press. On the 18th, the Seventh-day Adventist Hospital must be closed because it has been nationalized by the government and all the missionaries connected with it are being expelled.

Mrs. KELLY. Mr. Chairman, I move to strike out the last requisite number of words.

Mr. Chairman, I take this time to question if the chairman of the committee will not agree in my statement. I feel that \$1,400 million is necessary for military purposes. However, if it is found that these countries cannot absorb this military materiel and if it is found necessary for the President to transfer any of this materiel; does the chairman not think the President would have the right to make such a transfer under the transferability clause?

Mr. MORGAN. I feel that we have the assurance of the executive branch of the Government that every dime of this is going to be needed for the military assistance program. Of course, if conditions should change suddenly we might be able to revise the program. I think the authorization for transfer from military to economic assistance would be useful if we should be confronted by an unforeseeable improvement in the military situation. But I believe that under present conditions we are going to need every dime of military assistance authorized in this bill.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mrs. KELLY. I yield to the gentleman from Virginia.

Mr. GARY. Is it not true that under the present law the administration has the authority to transfer 10 percent of any fund to any other fund provided it does not exceed 20 percent of the fund to which it is transferred? That is now the present law.

In addition to that this bill would add a 30-percent transfer clause. With reference to the Chairman's statement a few moments ago, that he thought the military assistance funds should be used for military purposes only, this bill would permit the use of 30 percent of those funds for other than military purposes. In fact, the intent of the Congress as to expenditures for other purposes could be absolutely thwarted by this 30-percent transfer provision.

Mrs. KELLY. I would like to address myself to that point. It is true that in the present law 10 percent can be transferred from any fund to another with a 20-percent limitation. It is also true that this premium percentage is increased in the present bill to 30 percent. But I would like to bring out the fact that in the past year a relatively small amount was transferred under the 10 percent clause about 29 million. While I did not approve of the 30 percent flexibility increase, I support the committee in its action.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mrs. KELLY. I yield.

Mr. ADAIR. Does not the gentleman feel that if the Congress is to retain reasonable supervision and control of these funds, that if we want funds spent for military purposes we should authorize and appropriate for that purpose; that if we want funds spent for economic purposes we should authorize and appropriate with that in mind? Is it not basically bad legislation if we authorize for military and then use it for unrelated economic purposes?

Mrs. KELLY. Basically I agree with my colleague from Indiana. As I said before, I wanted to keep the amount of transferability at 10 percent. However, I do feel that if the President of the United States decides, as he has stated, that there is greater need in the economic field than in the military field, then under the transferability clause he could transfer that portion of the funds. If there is success at a summit meeting, then transfer of these funds might be more beneficial transferred to economic assistance. I am hoping and praying that will be the case.

Mr. JUDD. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, there are two points here that ought to be discussed: One is the general widespread belief that if we were to cut out military assistance or cut it down drastically, we could thereby save money for the American taxpayer and could apply it to a reduction of the national debt.

We all get letters every week or so asking: "Why do you not reduce or cut out this foreign spending? Then we could reduce that big national debt, reduce the budget, or reduce taxes, or have more money for schools, or highways, or hospitals, or for old age security," and so on.

Of course the fact is that if we were to cut out this program we would not be able to reduce our national budget. We would promptly have to increase our national budget. We would have to spend more for defense, not less. You can make an unanswerable showing that we have saved the taxpayers money by this program through the years in comparison with what we would have had to spend for the additional American forces which we would have to build up and equip—not to mention the additional tens of thousands of American boys sent all over the world.

Look what we get for the \$39 billion which we passed a few days ago with only three votes against it: We get 13 or 14 land divisions, and we get 125 air squad-

rons, or, in terms of planes, about 42,000 planes. Of course, they are not all modern; and we get 1,700 naval vessels, but only 800 of them are in active service. That is what we get for \$39 billion.

But with this \$2 billion-plus military assistance which the administration asked for, what do we get? We increase our land force five times; we almost double our Air Force; and we get 2,500 additional naval vessels, almost double our own naval vessels. Show me where we can get any comparable defense strength for the same amount of money.

Someone said earlier that we owe it to our children to do something for them. Indeed we do. We owe it to them to give them maximum security at minimum cost. This is the way to do it. That is why I am for the full amount in the bill. It is because I want economy, not because I do not want economy, that I urge that the pending amendment be defeated.

As to the actual amount, I will say frankly that I voted against the cut of \$160 million that the committee adopted, and I gave my reasons in the minority views on that subject in the report.

The Draper Committee, made up of a very distinguished group of outstanding citizens who are familiar with this field—none of them is in active service today, they are mostly civilians—says that military assistance ought to be increased within the next year by \$400 million; and that, if you cut it this year, next year we will have to increase greatly the program or else have to make even greater expenditures for our own Defense Department and start drafting more boys too.

May I read a memorandum submitted to the President day before yesterday by Neil McElroy, Secretary of Defense, in which he said:

I have noted the action of the House Committee on Foreign Affairs in reducing the authorization for military assistance for fiscal year 1960 from \$1.6 billion requested by the President to \$1.44 billion. It appears there may be further efforts in the Congress to reduce the amounts appropriated for the military assistance program below even this authorization.

That is what the gentleman's amendment does.

Continuing, the Secretary of Defense said:

The funds requested for fiscal year 1960 were below those the Joint Chiefs of Staff recommended as essential to carry out the indispensable military assistance programs required for our worldwide security arrangements. To support this program at a level less than that recommended in the 1960 budget can only be viewed as a real threat to our security.

Thus, if reductions are made during the course of the action in the Congress, it would appear that the militarily justifiable requirements for fiscal year 1961 would need to be substantially in excess of \$2.5 billion if we are to maintain this vital portion of our total defense effort.

I have personally discussed the military assistance program today with the individual members of the Joint Chiefs of Staff and they have reaffirmed their view that the amounts recommended in the fiscal 1960 budget are the minimum required.

Mr. Chairman, does it make sense to follow the advice of the Joint Chiefs of Staff on \$39 billion, and reject it on \$3.6 billion?

Mr. BASS of Tennessee. Mr. Chairman, I offer an amendment to the pending amendment.

The Clerk read as follows:

Amendment offered by Mr. BASS of Tennessee to the amendment offered by Mr. BENTLEY: Insert "Provided, That no part of these funds may be obligated until the balance unexpended for this purpose is less than \$500,000,000."

Mr. BASS of Tennessee. Mr. Chairman, during the short but pleasant time I have been in the House, I have never voted for the mutual security program. This does not indicate, however, that I am basically opposed to the philosophy of mutual security. I realize that we certainly must have a certain amount of mutual security, including military and economic assistance, throughout the world. However, I have been continuously apprehensive about the fact that the program has carried a tremendous amount of money in the pipeline and in carryovers on every occasion.

During my first session of Congress I think that was something more than \$8 billion. It has been decreased appreciably, I will admit, as indicated in this report; however, I have been informed by members of the committee that the military assistance funds provided in this bill are adequate at the present time to provide 2 years of military assistance under the present program.

I am firmly convinced that the adoption of my amendment would not necessarily hamper the effect of military assistance. I am also convinced it would do one thing: I feel quite sure it would make the funds more desirable by the people of the countries who are receiving it; in other words, they would covet the assistance we are giving these countries if they felt that no other funds would be available to them until these funds were properly expended that are in the pipeline.

I hope to be able to offer the same amendment to the economic assistance part of the program. The two main criticisms I have heard of the mutual security program is the carryover money in the pipeline, and the concern that is expressed about the administration of the program.

I personally assure you that if I could be sure these funds were necessary and the carryover was decreased to the point I have recommended, I would vote for the program. This is not an amendment to try to destroy the program. It is a sincere attempt to bring the program in line with my philosophy of a good program and what it can do if properly administered.

I hope that those who are interested in the program and interested in American money being used to its utmost good throughout the world will support my amendment.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. BASS of Tennessee. I yield to the gentleman from Michigan.

Mr. BENTLEY. I want to call the gentleman's attention, in the event he has not seen it, to the table on page 60 of the committee print, in which it is stated:

The unexpended funds of military assistance under mutual security program for fiscal 1959 are estimated to be \$2,600,000,000.

Mr. BASS of Tennessee. That is what I called to the committee's attention.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. BASS of Tennessee. I yield to the gentleman from Minnesota.

Mr. JUDD. I hope the gentleman does not contend that those funds are available to be spent for any other purposes than the ones for which they are already obligated.

Mr. BASS of Tennessee. The gentleman has no contention whatever other than the fact, as I have said, that the fund is now large enough to carry out the program for almost 2 years.

Mr. JUDD. I wonder where the gentleman was when the \$39 billion defense bill was up, when the total unexpended balance in that program was \$32 billion.

Mr. BASS of Tennessee. I was on the floor and voted for the bill, and the reason I did is because I have a greater faith that the political philosophy of this country will be stable, as it is for the next 2 years, than in some of the other countries.

Mr. WINSTEAD. Mr. Chairman, will the gentleman yield?

Mr. BASS of Tennessee. I yield to the gentleman from Mississippi.

Mr. WINSTEAD. I am wondering, if the military department has that much carryover, why our own planes are being shot down without guns and ammunition. I hate to see Mr. McElroy and others favoring all this foreign aid when they cannot even find ways and means to arm our own people who are flying the planes.

Mr. BASS of Tennessee. I appreciate the gentleman's contribution. And I want to end up saying this, that this amendment is a sincere attempt to bring the program in line where I personally can support it wholeheartedly and vote for its passage.

Mr. MORGAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the adoption of this amendment will destroy the program. This is money in the pipeline. This is not money lying around. This \$2.6 billion is not lying in any safety deposit box. It is money that is committed. And, if you adopt the amendment, you are going to destroy the pipeline and you are going to destroy the military effectiveness of the bill. We have an unexpended balance in the Department of Agriculture which amounts to \$2.3 billion. I believe the total unexpended balance in our defense budget is \$32.2 billion.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Minnesota.

Mr. JUDD. I wish to refer the Members to page 60 of the report, where we

quote from the report of the subcommittee on appropriations that deals with the Department of Defense budget. They are speaking of the unexpended balances and the carryover in the Department of Defense, and they say:

The committee believes that the unobligated and unexpended balances of the Department of Defense are now at about the lowest practical level consistent with a defense program of the current size.

And, how large is that carryover? \$32 billion. Our own committee that knows most about Department of Defense needs says that is the lowest it can safely be. And, the unexpended balances, already obligated, in this military assistance program amount to \$2.6 billion, and that, too, is as low as we can safely go unless we want to stall and stop the program.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Virginia.

Mr. GARY. Is it not true that this unexpended balance that we are talking about is nothing in the world but the pipeline which is constantly feeding this program, and if you break that pipeline at any time, your program ceases?

Mr. MORGAN. Why certainly.

Mr. BASS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Tennessee.

Mr. BASS of Tennessee. Of course, these arguments are getting off the Mutual Security Act and are being directed to our own Defense Department and the Agriculture Department. But, it is just plain derailing. This pipeline is what we want to reduce. You know and I know that there is enough in the program right now, enough appropriated, unexpended, to last for 2 years.

Mr. MORGAN. You can no more get rid of the pipeline for military assistance without endangering our security than you could safely eliminate the pipeline for our own Armed Forces.

Mr. CARNAHAN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Missouri.

Mr. CARNAHAN. The unobligated money that is available at the present time to use in further extending the program is only \$46 billion. That is the amount of carryover in the mutual security program. These other so-called carryovers are already spent; they are already allotted for definite commitments. So, if we are going to stop here, we will stop the program for a year or until further appropriations are made. We now have \$46 billion that is available to be used, and not in excess of \$4 billion as is being stated.

Mr. McGOVERN. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The Clerk read as follows:

Amendment offered by Mr. McGOVERN as a substitute for the amendment offered by Mr. BENTLEY: On page 2, line 19, strike the figure "\$1,440,000,000" and substitute "\$1,240,000,000."

Mr. McGOVERN. Mr. Chairman, I want to say, first of all, that my amend-

ment is not intended to imply any criticism of the amendment offered by the gentleman from Michigan [Mr. BENTLEY]; and if my substitute should be voted down, I will support the amendment offered by the gentleman from Michigan. Nor is my amendment intended to imply any criticism of the work done by the Committee on Foreign Affairs. I think that the bill before us is the best one that the committee has reported in recent years, and I intend to support it whether my amendment, or the amendment offered by the gentleman from Michigan, is defeated or accepted.

The difference between the amendment which I have offered and the one offered by the gentleman from Michigan [Mr. BENTLEY] is that my amendment would call for an additional \$60 million cut beyond the proposal offered by the gentleman from Michigan. I am suggesting a reduction of some \$200 million in the \$1.4 billion that has been recommended by the committee for military assistance. I do this not simply to reduce the overall cost of the mutual security program. I do not believe it is possible, certainly it is not proper for me, to place a price tag of any kind on the overall cost of this essential part of our peace program. I think that the American mutual security program along with the United Nations constitutes the chief cornerstone of world peace. But the committee itself has recommended to a limited extent the necessity of reducing our emphasis on military hardware in this foreign assistance program and giving greater attention to economic and technical assistance. The amendment which I have offered is intended to do that very thing.

I am convinced that for a number of years we have overemphasized, at least in the underdeveloped areas of the world, in the Middle East, in southeast Asia, and in Latin America, the military aspects of the aid program. I had the opportunity a little over 2 years ago to visit some five countries in the Middle East, and during the time I was there just about everyone I talked to told me that the bright spot in our military aid program in that part of the world was Iraq; that there I would have the opportunity to observe the American military assistance program operating in its most effective form. And yet everyone here knows what has happened in the case of Iraq, a country suffering from misery and poverty and instability, a country suffering from lack of health facilities, lack of educational facilities, lack of food. In spite of these urgent human needs our aid was largely in the form of military hardware which was used to destroy a government we thought was safe and secure and one that we could count on to help us turn back communism in that part of the world.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. McGOVERN. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Chairman, I want to assure the gentleman that the committee is just as concerned as he is about military assistance that has been

misused. I know the gentleman is a student of legislation and that he does not introduce this amendment lightly. Because we have had so many weeks of testimony from very responsible people from the executive departments and agencies and we have taken their advice and their figures—and I repeat that the gentleman is a student and that he would not introduce this amendment lightly—can he tell the committee where he would suggest a cut in the military assistance program, where would he allocate the cuts, among those countries that are now scheduled to receive our military assistance?

Mr. McGOVERN. It is not possible under the parliamentary situation to offer an amendment to cut back funds for any one particular country. But I would like to suggest generally that the reduction I am proposing be made in Latin America, in southeast Asia and in the Middle East. It seems to me that in those areas the chief problems are human misery and disease and that we ought to be giving a little less attention to building up military machines and more attention to the human problems.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield further?

Mr. McGOVERN. I yield.

Mr. ZABLOCKI. I am sure the gentleman is fully aware that the bulk of this military assistance goes to five allies who are on the border of the Sino-Soviet bloc. We have Greece and Turkey in the Middle East, and then we have Vietnam, Taiwan and Korea. Certainly the gentleman would not advocate that we cut back military assistance to those countries. And that is where we have the bulk of the military defense assistance.

Mr. McGOVERN. Let me say to the gentleman that Iraq was also one of the countries that was supposed to contain Soviet expansion.

Mr. ZABLOCKI. The gentleman has not answered my question. Does he advocate that we administer cuts to our programs in those five areas?

Mr. McGOVERN. I am not suggesting cuts to any specific country. But I would like to call attention to one other example that has been mentioned very prominently here by one of the most distinguished members of the committee, the gentleman from Connecticut [Mr. BOWLES], for whom we all have such a high regard. He reported that some 2 years ago military aid was sent to Pakistan that actually prompted the Indian Government to take \$100 million out of her second 5-year plan and put it into military orders with the British and the French. It is that kind of thing that I am opposing.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment, and since I have taken so much of the gentleman's time I shall be glad to yield to the gentleman. Mr. Chairman, I just cannot understand why we take the advice of our military Chiefs of Staff as to the amounts necessary for the security of our country and our national defense, and unwilling to take the advice and the figures presented by our military Chiefs of Staff as the absolute minimum necessary for the mutual security and defense

of the world. I do not believe anybody would contend that we can stand alone against the Communist menace with no friends or allies. How can we expect our friends and allies to meet this Communist menace if we weaken them militarily? I am just as anxious as the gentleman to see the emphasis changed somewhat toward a more forceful economic program. However, in my opinion it is necessary to put first things first. It is vital that our allies be militarily strong. It would be of no avail if we built up the economies of our allies and fatten up these countries for Communist Russia to walk in and take them over. I think it is much better to help them and strengthen them militarily so that they can defend themselves and help to contribute to the free world's effort to maintain peace.

Mr. McGOVERN. I hope the gentleman is not implying that I am against the entire military aid program.

Mr. ZABLOCKI. I am sure the gentleman is not against the entire military program; nevertheless your amendment will weaken the program to the extent that it will fail as a result of its weakness.

Mr. McGOVERN. The same argument might have been applied by the administration against the cuts that were recommended by the committee. The committee has already taken a considerable step in the direction of doing the very thing that the gentleman is arguing against and that I am trying to do here.

Mr. ZABLOCKI. The committee studied the administration request and gave it very careful scrutiny. I want to assure the gentleman we felt that the committee cut was as deep as it could possibly be. A deeper cut will be at the expense of our security. I do not stand alone on that statement. Every responsible individual from the Chiefs of Staff down testified and agree that further cuts are dangerous.

Mr. McGOVERN. I would like to again stress the fact that I am not going to oppose the committee bill even if my amendment is defeated, but I certainly want to make it clear to the gentleman I am as interested as he is in turning back communism wherever it threatens us. The point I am trying to make is that in countries where there is poverty, disease, and illiteracy, you cannot build a very effective bulwark against communism by trying to superimpose a military monument on a shaky foundation like that. We have great reserves and surpluses of food in this country. We have technical and medical knowledge.

Mr. ZABLOCKI. I yield to the gentleman for a question but he is making a rather lengthy statement.

Mr. McGOVERN. I have no further question to ask of the gentleman other than to assure him that I am as interested as he is in stopping communism. I just think we can do better in some of these areas that are ridden with poverty and disease by another approach.

Mr. ZABLOCKI. I am in agreement with the gentleman on that regard. I would like to point out that cutting out dollars means that programs for specific

countries must be curtailed or eliminated and that weapons, electronic equipment, and airplanes would have to be cut out of the program.

Military assistance is programed for 37 countries in fiscal 1960. Most of the money, however, goes to a much smaller number of countries, each one of which has a strategic role in the defense against Soviet aggression, which is readily apparent.

Fourteen countries were originally programed by the Executive to receive \$1,300 million. These countries are Denmark, France, Italy, Norway, Spain, Greece, Iran, Pakistan, Turkey, the Republic of China, Japan, Korea, the Philippines, and Vietnam. When the strategic importance of any one of these countries is examined in detail, it is clear that it would be dangerous to our own security to eliminate it from the military assistance program. Norway has an important location to provide warning of attack and to render an interception service. Iran, Pakistan, Turkey, the Republic of China, Japan, Korea, and Vietnam all are directly confronted by hostile Communist forces. The loss or neutralization of any one of them would create a gap in our defenses.

For each of these countries a program has been prepared which enumerates the weapons, tanks, airplanes, and missiles which are scheduled. A further cut by the House in the military assistance program would require the elimination of weapons and equipment, which would leave the defense posture of these countries less than that judged by our military leaders to be necessary.

Since so much of the money goes to a limited number of countries with important military functions to perform, there is no way that a further cut can be absorbed by "eliminating the fat" or tightening the administration.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. JUDD. Is it not true that there are also Americans who believe it would be better for our own security and well-being if we were to spend more of our money for various domestic programs and less for our Armed Forces? Yet, the Congress with only three dissenting votes followed the recommendations of our top military leaders, men who are our best specialists in this field, that \$39 billion is necessary for our own Department of Defense. These same specialists advise that \$3.6 billion is necessary for this program. They are both parts of the same total defense program. Either is inadequate without the other.

Mr. ZABLOCKI. Both are just as important in order to secure our national security and the peace of the free world. I think it is just as dangerous to cut foreign military assistance as it would be to cut in the military defense budget.

Mr. JUDD. The gentleman will recall the testimony of General Gruenther when he was before us. He is not now in the military service and has no ax to grind. He is now head of the American Red Cross. I asked him this question:

If we were to cut this program further, where would you advise that we cut it, in

our own Department of Defense or in mutual security?

He replied:

That is like asking me whether I want to have my left hand or my right hand amputated. I do not want either of my hands amputated. I need both hands.

Mr. HAYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I suspect that nobody in the Congress has been more critical of the administration of this program than I am. But I would like to put in perspective the three amendments which are pending at the present time. The gentleman from Michigan made his argument that we should not give any military assistance to Western Europe.

The gentleman from Tennessee in his amendment wants to destroy the pipeline which is the lead time that is required to build the jet planes and the other very technical items that we supply.

Mr. BASS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. HAYS. Not now. I will when I have finished if I have any time left.

Mr. BASS of Tennessee. The gentleman surely wants to be fair.

Mr. HAYS. I am not going to yield. The gentleman spoke at length and frequently on the tobacco bill and the wheat bill. He is an expert on agriculture and he consumed his time there. I suggest that the gentleman get some time in his own right, but I will be glad to yield when I have finished.

Mr. BASS of Tennessee. I thank the gentleman, and I would like to state that he is beyond question an authority on foreign affairs.

Mr. HAYS. The gentleman from South Dakota bases his argument against aid to the underdog countries and I am in sympathy with the gentleman. But let me point out to you that so far as NATO is concerned that is one thing that the Communists hate more than anything else in this world. That is one thing that the Communists fear more than anything else in this world. They have been trying to get NATO destroyed because they are afraid of it, because they know it has stopped their plan for taking over Western Europe in its tracks. I am not willing to cut any money away from NATO. It has worked. There has not been the domination of one single country in Europe by the Communists since NATO became a reality.

As far as the pipeline is concerned, if you cut that down by half a billion dollars you do not have enough lead time to build the items by the time they will be needed and you destroy the flexibility of the program, and put yourself in the position of giving comfort to the Communists.

As to the argument of the gentleman from South Dakota, let me point out to you that the committee has made a step in this direction. We have cut below what some considered desirable.

We have ordered the military to discontinue putting anything in the pipeline to Latin America; we have ordered that part of the map on page 9 of the report wiped off. We have suggested and indeed written into the bill language that

you do not give any undeveloped country more military aid than it can logically use.

We have written in this prohibition—and we have plenty of lawyers on the committee and plenty of outsiders came into the committee and offered amendments. But I will tell you frankly that I find myself in the position where we are going to have to leave something to the administrators of this program to decide. You are either going to have to place some confidence in the Secretary of Defense and the Joint Chiefs of Staff or else we ought not to have any military program at all. It is just as simple as that.

I do not know whether we can safely cut below the amount we have cut or not. I do not even know for sure that we can go that far, but I do know that when the committee adopted the amendment to cut this amount to \$1,440 million or \$160 million below the administration requests, that we picked out and suggested certain areas very carefully in which we thought the cuts could be made; and as a matter of fact, I will confess to you that I had an amendment for \$200 million and after we got through going over it I retreated because I felt that the only thing we could justify was the amount we had cut out.

The administration says this is a rock-bottom amount, this bill is a rockbottom amount, and if you believe in mutual security, if you believe that NATO has been a success—and the proof of it is that the Communists consider it worse than poison, you will not suffer any amendment to cut NATO because it has worked, and this money is a very small amount compared to the money that the nations in NATO are putting in of their own accord, perhaps NATO is not everything we would like it to be, but remember NATO is the thing that kept the Russians from treating other countries as they did Czechoslovakia and marching right into Europe.

Mr. MEADER. Mr. Chairman, I move to strike out the last word.

(Mr. MEADER asked and was given permission to revise and extend his remarks.)

Mr. MEADER. Mr. Chairman, I have supported this program since I came to Congress in 1950, but I have consistently supported efforts to make intelligent reductions in the size of the program. I have done so because I believe a smaller amount of money more efficiently and ably administered actually will go farther toward the accomplishment of the objectives of the program.

Ever since the program has been before us I have heard the argument that we cannot cut a penny out of the budget request or the committee's recommendations without endangering the security of the United States. Yet we have cut the program again and again and the ICA still comes in with unexpended balances, and the program has not been harmed by reductions we have made in the amount the President requests.

This year, the Hardy subcommittee of the Government Operations Committee, of which I am a member, made a study of the foreign aid program in the small

country of Laos. This study puts an entirely different light on overspending. In the case of Laos overspending was not simply a matter of waste. It actually harmed our objectives in Laos.

I read to you the first conclusion unanimously adopted by our subcommittee and unanimously approved by the full Committee on Government Operations:

Giving Laos more foreign aid than its economy could absorb, hindered rather than helped the accomplishment of the objectives of the mutual security program.

Mr. Chairman, that is not just what we Congressmen said. We had something on which to base that conclusion.

The General Accounting Office made a very thorough and careful study of our expenditures in Laos, and I want to read from their prepared statement to our subcommittee:

The ICA program, averaging around \$45 million a year during the period 1955-57, was disproportionate in size to the normal volume of economic activity in Laos.

Then the GAO report goes on to say what disastrous effects flowed from forcing on Laos more money than its economy could absorb, and it makes this significant statement:

ICA administrators in the field have pointed to the possible adverse impact of the United States program on the economy of Laos and the general population. While serving the principal objective of preserving national independence of the state of Laos, the program was found less suited to promote other important United States objectives, such as to foster a stable and effective government with wide popular support and oriented toward democratic concepts, and to promote confidence in, and respect and friendship for, the United States.

Later on the GAO report concluded that the adverse publicity attending this overspending, which made wealthy a few Laotians and led to diversion of our aid money into various kinds of nefarious activities, was actually used by the Communists in the political campaign against the government we were attempting to support.

Now I say to you when it is demonstrated that excessive spending is not only wasteful but actually harms a program, when these proposals are made to reduce the amounts in this program, we should no longer be impressed by the bugaboo constantly being brought up that if we reduce the amount of the President's request, we are taking a chance with the security of the world.

It has not proved so in the past, yet these statements have been made repeatedly. In Laos we have an example where overspending actually harmed our objectives.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the pending amendments.

Mr. Chairman, if we were to wait for proof as to how far we could reduce the amount that we ask here today, the proof could very well mean catastrophe.

I would like to point out that the amount in this bill for the military assistance pipeline has been reduced 11 percent from last year, 22 percent from 2 years ago, 25 percent from 3 years ago, 40 percent from 4 years ago, and 50 percent from 5 years ago.

We have cut here the original request. This cut was based on hearings which lasted 11 weeks. We heard some 90 witnesses and took 2,000 pages of testimony. The cuts were made in those cases where we found that the less developed countries could not effectively handle some of the assistance that had been given to them.

Secondly, in some of the less developed countries the military effort, we saw, was exceeding their economic resources. That was the sole basis for these cuts.

The military assistance program included some 37 countries in 1960. Most of the money goes to a smaller number of countries, as my colleague pointed out. But most of this money goes to countries that are directly being confronted with hostile communism today—Iran, Pakistan, Turkey, the Republic of China, Japan, and Vietnam. These countries have not always been in the cold war. There have been times when the war has been hot in these areas.

We feel we must accept the recommendations of our military leaders if we are to accept them on military appropriations. They have clearly pointed out here that to reduce the amount of this program would lead us to horrible results. If we are to not accept their testimony as to how far we can cut the program, we could very easily pick out a figure from the air. The figure that we have used today is based on sound and conclusive evidence presented before our committee. Furthermore, the cuts that we did make bring us in line with what the Draper Committee advocated. We feel that we can maintain the pipeline at the level that the Draper Committee has advocated, but not 1 cent less.

Now, it may be that we could abandon this program, but first it is necessary for us to find a substitute program, and any substitute program could very well take from 2 to 3 years in order to make it an effective program. However, no substitute program has ever been suggested by the opponents of this bill.

Mr. Chairman, I am therefore rising in opposition to all of these amendments and urge that we enact the bill that the committee has presented here today, and the House should hesitate to override the judgment of our best, our most qualified leaders in this area.

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise in opposition to the amendment.

I should like to quote testimony heard by your committee which indicates that a cut here is just as serious for the defense posture of the United States as would be a cut in our own defense expenditures.

The testimony was given by a man well qualified to speak on that subject, Hon. Neil McElroy, Secretary of Defense, as appears on page 70 of the hearing record. He said:

When General Twining was asked by a Member of the Congress last spring whether he would recommend restoring all the dollars that had been cut from the mutual security program before consideration of any possible increase in the regular defense budget, he replied forcefully that he thought these dollars could better be spent in the defense of this Nation by putting them into mutual security. The individual chiefs of

the military services later authorized the chairman to say that they unequivocally agreed with him.

Mr. Chairman, do we want to gamble with the defense posture of our country in these days when our representatives are meeting in Geneva on difficult negotiations? Do we want to advertise to the world that the great House of Representatives in the Congress of the United States will not back up its committee which has already cut these funds carefully and thoughtfully, and is prepared to make further slashes in the military part of this bill?

Now, Mr. Chairman, I know that it is much more appealing to appropriate money to feed people, to house people, to clothe people than to vote money to give them military protection. And so we find that many people of good will believe that this program should be emphasized on the economic side and deemphasized on the military side. Your committee has already been responsive to that feeling. It has cut from the military program and has added to the economic program. But, I urge that this point of view can be overdone, and that when we face the realities that exist in the world today, it behooves us not to gamble with the safety of our country. I repeat again, that under the testimony of the Chairman of the Joint Chiefs of Staff, under the testimony of the Secretary of Defense, a cut in these funds here is just as serious to the military posture of our country as would be a cut in the defense appropriation bill.

Are you gentlemen prepared to gamble with the safety of your country?

Mr. PILCHER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not want the House to be misled by these crocodile tears that this little \$200 million cut would ruin this entire program, when the Comptroller General of the United States said that the real trouble with the entire program is just too much money.

Mr. BASS of Tennessee. Mr. Chairman, I offer an amendment to the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. Bass of Tennessee to the substitute amendment offered by Mr. McGovern: After the sum, insert "Provided, That no part of these funds may be obligated until the balance unexpended for these purposes is less than \$500 million."

Mr. BASS of Tennessee. Mr. Chairman, this is the same amendment offered before to the other amendment, and I will not argue the point except to say I would like to correct a statement made by the gentleman from Ohio. It is not my desire to destroy the pipeline but only to reduce the carryover in the program.

I would like to say this, also. I am complimented that on two or three occasions during this debate this afternoon I have been referred to as a friend of agriculture, with an interest in agriculture, and even an expert on agriculture. I am happy that I have built that type of reputation in the House, because that has been my desire.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. BASS] to the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The amendment to the amendment was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Tennessee to the substitute amendment offered by the gentleman from South Dakota [Mr. McGovern].

The question was taken; and on a division (demanded by Mr. BASS of Tennessee) there were—ayes 36, noes 109.

So the amendment to the substitute was rejected.

The CHAIRMAN. The question now is on the substitute offered by the gentleman from South Dakota to the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. McGovern) there were—ayes 87, noes 107.

So the substitute amendment was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY) there were—ayes 83, noes 97.

Mr. BENTLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. MORGAN and Mr. BENTLEY.

The committee again divided, and the tellers reported that there were—ayes 101, noes 103.

So the amendment was rejected.

The Clerk read as follows:

LIMITATIONS ON FURNISHING OF MILITARY ASSISTANCE

SEC. 102. Section 105 of the Mutual Security Act of 1954, as amended, which relates to conditions applicable to military assistance, is amended by redesignating subsection (b) as subsection (c), and by inserting immediately after subsection (a) the following:

"(b) Subject to fulfilling commitments in existence on June 30, 1959, no arms or weapons may be furnished to any nation under this chapter on a grant basis, except where the President determines that the national interest requires otherwise and so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate, unless—

"(1) the arms or weapons requested by and furnished to the recipient nation are needed to meet the danger of direct Communist armed aggression or infiltration, or Communist subversion from within, or to perform agreed missions within collective defense arrangements under treaties entered into with the United States;

"(2) the arms or weapons furnished the recipient nation are limited to those of a type and in amounts appropriate to these needs; and

"(3) the defense expenditures of the recipient nation, taking into account assistance from other sources, do not overburden the economy of such nation in such a way as to create internal instability, nor strain its relations with its non-Communist neighboring nations in such a way as to create regional instability, which may overbalance the benefits of the protection provided against the external danger."

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to strike from, add to, and revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Chairman, a couple of days ago two-thirds of us, in fact, all but 35 of those who voted, voted for a pension bill. My vote, as no doubt that of others, was cast on the understanding that that bill not only would help the widows and orphans of veterans but that it would save money over a long period of time, something like \$12 billion. But the vote had hardly been announced when I was advised by apparently equally reliable authority that by the year 2000 it would cost something like an additional \$20 billion more than if we had left the law as it was. It is impossible for the average Member to know the exact result of his action, and if those in charge of legislation do not accurately inform us disaster will follow.

My point is this: Apparently the individual Member is just unable to find out accurately what any piece of legislation will cost. I recall very distinctly when this program of foreign aid began we were told it was only going to run for a short time, that it would not cost very much, that it would end war, make peace permanent. Yet here we are, still fearful, still spending by the billion; and what has been accomplished? Those who advocated it, especially my dear friend from Minnesota [Mr. JUD], and his friends who still insist upon further burdening the taxpayer, ask: "What would have happened if we had not done it?" And they answer: "We would probably have been destroyed; we would have been in war all the time; this is a lot cheaper than carrying on a war," and they make a lot of this matter of buying friendship. Attempts to buy friendship is nonsense and we all know it. Just a few days ago—and I have not checked the RECORD—the minority leader stood in the well of this House where I am standing now and said that one purpose of this legislation was to purchase aid to protect ourselves. What a long way we have traveled from that place known as Bunker Hill, on today, the 184th anniversary of that day when Americans fought instead of paid to avoid trouble? Well, if Britain, the greatest and most powerful nation in the world, had to go out and hire mercenaries, as King George did when he wanted to whip the colonists, we have gone pretty far in our effort to follow his policy if we have to buy peace. Something must be wrong with our policy, with our planning. Are we independent? Or do we exist as a nation because we can hire and pay allies?

Personally, I do not believe anyone can buy friendship; and in my judgment—it perhaps is no good—I doubt if there is a single nation that we have aided that would come to our assistance

if it did not think that course was for its own welfare, not ours.

I hear it so much, I heard it again today that we must protect the people of the free world if we are to continue to exist as a free nation.

We must protect the individual in other parts of the world who is free, if we are to remain free, we are told.

But are we free? We are not.

What about the people in America? Let us get back now once more to my favorite topic.

What about the American who wants to work free from domination by some union boss? What about him? Is there anyone on the Republican side who is in favor of foreign aid who has opened his mouth to protect the American family whose head wants to go to work to earn money to buy food, clothing, or an education; or the American businessman whose business has been injured, many times destroyed, utterly without cause, completely in violation of the provisions of the Constitution or of common law and of decency and moral right? Who has risen to say a word or vote a dollar to protect the Americans?

All you need to do is to read the record of the McClellan committee, read the newspapers back over the last few months, read the record of the testimony given before the labor committees of the House. Two businessmen were called in, and one woman, and testified they were denied the right to carry on an ordinary, decent, respectable business in an Illinois town. They were denied that right, but no voice was raised in their behalf. No national legislation to protect them was proposed. Billions to bring freedom, food, education, implements of war to the red, yellow, black, and white peoples of every part of the world, but no protection from the goons, the extortionists who prey upon the white people of the United States of America. We, the honest, law abiding of America are the only ones for whom the one-worlders shed no tears.

We can sit here as long as we wish and we can deceive ourselves if we will, but the fact remains that here in America men and women who are citizens, born here, raised here, guilty of absolutely no offense, have not had a word said in their behalf while this bill has been under discussion.

Cry for the underprivileged throughout the world but encourage the bully, the crook, the goon to oppress and rob the honest, hard-working, the thrifty, law-abiding Christian American.

Mr. JACKSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JACKSON: On pages 2 and 3, line 20, strike out section 102 commencing on line 26, and on page 3 strike out all language to and including line 25.

Mr. JACKSON. Mr. Chairman, in addressing the House on yesterday I expressed certain reservations with respect to H.R. 7500. The situation, as I pointed out at that time, was the new and what I consider dangerous course which the legislation has taken in transferring primary emphasis in this program from

the military to the economic. Most of the criticisms which have been directed at the program have been directed at operations in the economic sphere.

Why, in the first instance, did this Congress institute the Mutual Security Act? Why in the 80th Congress was a program developed and what was the nature of the threat that brought it into being?

The nature of the threat at that time was, of course, a military threat posed by the intransigence of the Soviet Union in refusing to reduce its armed forces after World War II, during the period when we reduced our fleet of the sea, and air, and we immobilized our ground forces.

Recognition of that threat led in 1951 to the formation of NATO, and in subsequent years to the formation of other regional groups designed to resist aggression that might be forced upon us. The nature of the threat as it existed shortly after the conclusion of World War II has in no manner changed. The threat is essentially and basically a military threat directed at the subjugation of every free nation presently outside the orbit of the Soviet Union.

The Soviet Empire has been founded upon force, and it is maintained today upon the strength of Soviet and satellite arms. Let us make no mistake about that single fact which has been abundantly and adequately demonstrated in Hungary, in Poznan, and more recently in Tibet. The Red armies stand behind the Soviet plan for conquest and are ready for use at any time. Any step taken by the Congress which lessens the posture of strength which we have taken before the world does a disservice to the cause of human freedom.

I have no quarrel with those who say we should combine with our military operations a well-balanced economic program. It is my contention we have had such a program in the past without sacrificing in any great degree the military implications of our operations.

I fear very much that section 102 will be widely interpreted throughout the world as a retreat from a position of strength and an advance to a position of timidity and retreat.

I hope that the members of the committee will read very carefully what here is proposed to be done. There will be amendments following mine which will tend further to deemphasize the military, to further reduce the posture of strength and to further emphasize the economic program. It is my sincere hope, and this hope has been expressed by many witnesses who have appeared before various committees of the House, including the House Committee on Foreign Affairs and the House Committee on Armed Services, that nothing be done which will tend to indicate to those with whom we are allied around the world in regional military alliance that we are in any manner retreating from the position we have taken, that position of strength, which has characterized this program since it was instituted in 1948.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. JACKSON. I yield to the gentleman from Indiana.

Mr. ADAIR. Would the gentleman then say to the committee that if we unduly weakened our military position, any economic effort that we want to make would thereafter be jeopardized?

Mr. JACKSON. I will say to the gentleman that unless our military posture is strong enough to convince would-be aggressors that they had better not transgress against the West, anything we do in the economic field will eventually be lost entirely.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, may I first say that the language which the gentleman seeks to strike out was submitted to the executive branch and they had no objection to it.

Now, what does this language seek to do? It seeks to tell the world that the United States is not giving military aid to any nation for the purpose of shoring up a dictatorship or oppressing the people. There is no possible way under the sun that this could restrict the President from doing anything that he, in his wisdom, thought would be necessary to combat the Communist threat. As a matter of fact, if you read the language, it says that the President shall determine that these weapons are needed to meet the direct danger of Communist armed aggression or infiltration or Communist subversion from within.

Now, if that does not cover the waterfront, I do not know what does. What are we trying to do? We are trying to write a little direction into this bill which will prevent an incident that I want to tell you about. It would not necessarily prevent it if the President determined to go ahead, but at least we are trying to warn against such things. I was talking only the other day to the president of one of the great Midwest universities—not my own but one of the great Midwest universities—and he said that he was in Latin America on a mission, I believe for the President, and he found that in one country of Latin America a squadron of jet planes which our military assistance group had almost blackjacked that nation into taking was costing that little nation more to keep in the air, to keep repaired, and to keep men trained to fly them than the entire educational budget of that country.

Now, that is the kind of thing we seek to prevent. That is the kind of thing I think the Congress wants to prevent. That is the kind of thing I submit to you that caused the Vice President of the United States to be spat upon and stoned when he was in Latin America, because certainly there has been a lot of waste and a lot of unnecessary military assistance in some of these nations.

The subcommittee of our committee under the direction of the distinguished gentleman from Alabama [Mr. SELDEN] has recommended that military assistance in most of Latin America be terminated in an orderly fashion. This says to the world we will give military assistance to fight communism any place, any time that it is necessary and

the President decides it is necessary, but we are not going to overload a lot of small nations that will not, in the event of a Communist attack on the United States, be able to contribute one thing to our defense. Now, I think that is what a lot of you were voting for when you walked through on these last two amendments. I think that is basically what you were trying to get.

As I said before, this committee has striven to the best of its ability to write language into this bill to give some direction to do the thing that Congress wants done and to meet some of the things that concern and rightly concern the Members of Congress.

I implore you to leave this amendment in. It makes sense. It is good for the bill. It is good for the country. It is good for the world.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. JACKSON].

The amendment was rejected.

Mr. PORTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PORTER: On page 2, line 21, insert "(a)" immediately after "Sec. 102."; and on page 3, immediately below line 25, insert the following:

"(b) Paragraph (4) of the subsection herein redesignated as section (c) is amended to read as follows:

"(4) No military assistance, except assistance in the training of military personnel, shall be furnished under this Act to any American republic after the date of enactment of the Mutual Security Act of 1959 subject to fulfillment of commitments in existence on June 30, 1959."

(Mr. PORTER asked and was given permission to revise and extend his remarks.)

Mr. PORTER. Mr. Chairman, this amendment offers the House an opportunity to save about \$50 million and at the same time greatly improve our relationships with the people of Latin America. We can fight communism, help Latin Americans, and save money by adopting this amendment.

Now, what does it do? It eliminates military assistance to Latin American nations except with respect to the training of military personnel, and except as commitments exist on June 30, 1959.

Now, what about these commitments?

The main one existing at this time is, in my opinion, a scandal and a shame. A nation I cannot name publicly is shaking down Uncle Sam for many millions of dollars for facilities in that country, facilities which should have been offered as that nation's contributions to our common defense against the Soviet threat. Go look at the secret book on the committee tables and on the other. It has a brown leather cover. You can find out the name of this country and the exact amount in millions of dollars that we are having to pay this year because this deal was made.

If we cut out military assistance to Latin American nations this cannot happen again. Of course, if an agreement is necessary for missile tracking or antisubmarine facilities we can make

treaties. But the Congress should not be committed beforehand to large sums of money for concessions which should be contributed for mutual security which is truly mutual.

This amendment is supported both by the bill itself and in the main by the Selden report issued May 12, 1959, with the unanimous approval of the House Subcommittee on Inter-American Affairs.

Turn to page 3 of the bill and look at what the President has to consider before he gives arms or weapons away on a grant basis. They have to be needed. This was just explained so well by the gentleman from Ohio. I think these provisions are good, but I think that if they were strictly interpreted these provisions would cut off all aid to Latin American nations. However, we have every reason to believe that no such interpretation would be made. Hence the pending amendment.

Why are not the recommendations of the widely praised Selden report carried out at least to some substantial extent, in the bill before us? The Selden report recommended an orderly, gradual reduction of military armaments grants with the ultimate goal of termination of the program.

What does the bill do for even an orderly and gradual reduction? It recommends \$96 million for military assistance, 57 percent of all the money for Latin America, compared to \$67 last year, which was only 52 percent—5 percent less than this year—of the total for Latin America. True, the committee cut \$160 million from the whole military assistance figure and in its report directed attention to Latin America for reductions.

But why not cut it all out? These arms do not help the free world fight communism. Often they identify the United States with forces and regimes that are as anti-democratic as the Soviet Union. Their upkeep is a burden on those nations that need every penny they can find for economic development.

For example, \$39 million of the \$96 million is to finance credit sales of military equipment to Latin American countries. Are these items that they should go into debt for? Of course not. They do not need these jets, tanks, and other items, and they cannot afford them on credit or as gifts.

Latin America needs and deserves our help in its social and economic revolution. That is the best way to fight communism in Latin America. If we have special military needs in Latin America with respect to missile tracking and antisubmarine facilities, appropriate agreements can be made. But let us remove the blank check authority here and scrap completely and immediately an ill-conceived program before it does us more harm in an area where we need and want friends.

Latin America cannot use these arms against the Soviet Union. Latin America does not need them. Latin America cannot afford them.

A vote for this amendment is a vote to save at least \$50 million in this year and far more in years to come and at

the same time endear ourselves to the long suffering but fast awakening people of Latin America.

Mr. SELDEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Oregon [Mr. PORTER] has introduced an amendment which, in effect, would abolish military assistance to Latin American nations immediately, except for the training of military personnel, and subject to the fulfillment of commitments in existence on June 30 of this year.

The gentleman from Oregon and I are substantially in accord insofar as we agree that our military assistance program in Latin America has had some harmful side effects.

In the study which resulted in the report to which the gentleman from Oregon referred, the Subcommittee on Inter-American Affairs of the Foreign Affairs Committee gave careful consideration to the effects of our current military assistance program in the Latin American nations. In our report, which was issued on May 11, we point out that the program at times has had some damaging consequences.

For instance, the use by the Batista government of some U.S. equipment during the Cuban revolution has created deep resentment against the United States among some Latin Americans. I should emphasize at this point that both the mutual security legislation and all 12 bilateral treaties with Latin American recipients of military aid stipulate that the equipment so provided shall be used only for hemisphere defense purposes. But these provisions have not always prevented the use of U.S. equipment in civil strife or the tendency in Latin America to equate our armaments with the regime using them. While recognizing the weaknesses which have developed in our military assistance program in Latin America, the subcommittee did not feel the United States should pull out of that program abruptly. The United States has made commitments in Latin America. The Latin American nations have adjusted their own requirements in the light of those commitments. We felt that the only just and responsible way to withdraw from the program is by serving notice of intent and allowing a suitable time for the friendly nations involved to make internal adjustments. Accordingly, the subcommittee recommended, and I quote from the report:

We * * * feel that the longrun interests of the United States and Latin America will be better served by an orderly and gradual reduction of military armaments grants with the ultimate goal of termination of the program, and the subcommittee so recommends.

In my opinion, Mr. Chairman, the amendment before us establishes too precipitate a termination of military assistance. More flexibility is required by and, I think, should be given the executive branch of our Government to deal with this matter. Time must be allowed for a serious exploration with the other American Republics of alternatives to bilateral military assistance.

In the interim, it is conceivable that some further U.S. assistance beyond present commitments may be necessary.

The Subcommittee on Inter-American Affairs, after thorough study and careful deliberation, determined that we should proceed with moderation and caution and that an orderly and gradual reduction of military armaments grants to Latin America with the ultimate goal of termination of the program was the best possible approach to a difficult problem.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. SELDEN. I yield to the gentleman from Ohio [Mr. Hays].

Mr. HAYS. In other words, what the committee has done is to put in the report the recommendation of the gentleman's subcommittee for an orderly procedure; and if this amendment which the gentleman is speaking against were adopted, it would not only terminate it, but it would handcuff our Government in the event any future emergency might arise in Latin America; is that not true?

Mr. SELDEN. That is entirely correct. Mr. Chairman, while I sympathize with the intent of the amendment offered by the gentleman from Oregon, I am convinced it is too inflexible and should not be adopted at this time.

Mr. JACKSON. Mr. Chairman, I move to strike out the last word, and rise in opposition to the amendment offered by the gentleman from Oregon.

Mr. Chairman, I concur completely with the statement made by the gentleman from Alabama, the chairman of the subcommittee which recently published a report on this very subject and the subcommittee of which I am ranking minority Member. The subcommittee has gone into the question of armaments in the Latin American area; their effect upon the military; the political and economic phases of life in the hemisphere, and has reached the conclusion and has reported it, that gradually and in an orderly manner this program should be terminated. But immediate termination of the program, I think, would be catastrophic. It is true that arms have been used for purposes which were not intended by this Government, and we hope steps will be taken to insure against such use in the future. However, we operate the program in Latin America not that the arms may be used by one country against the other, but so that countries which have a capability to do so may make a contribution to the collective security of the Western Hemisphere. This is the only purpose for which arms are furnished. In pursuit of that program, which is considered multilaterally in the Inter-American defense board sitting here in Washington, we have expended a very small percentage of the funds we have made available for military hardware throughout the world. As has been pointed out, the total sum for this year is in the magnitude of some \$96 million for all of Latin America. I think it should be pointed out in all justice that \$25 million are for financing of the sale of equipment on three-year deferred payment terms

which funds are to be repaid to the United States with interest.

Mr. PORTER. Mr. Chairman, will the gentleman yield for a question?

Mr. JACKSON. I yield.

Mr. PORTER. The gentleman said that termination, as I have recommended, would be catastrophic. Could the gentleman enlarge on the nature of the catastrophe that would happen?

Mr. JACKSON. Yes; I think the greatest catastrophe that would be immediately apparent would be a general consensus in Latin America that we had ceased to have any interest in the collective security of the Western Hemisphere. This would be a terrible thing to happen. We have by dint of close collaboration managed to create a considerable interest in many of the countries in the defense of the hemisphere. For those who say there is no military contribution to be made by the Latin Republics, I can only say this: Our military and naval people, our own people, have said that in the field of antisubmarine warfare for instance they have a considerable capability in defense of the hemisphere. If it is not done by the countries concerned it will require U.S. naval vessels, which may not be in great supply in case of hostilities, to do that job.

In this connection, a sum, the total of which I cannot give, will provide antisubmarine warfare planes for a number of these countries for operation in the collective security program.

Mr. PORTER. My amendment does say that any existing commitment as of June 30 would be honored. We would not be breaking any commitment at all; any commitment we have as of that date would be honored.

Mr. JACKSON. I understand the gentleman's amendment, but suppose something wholly unexpected happened on July 1?

Mr. PORTER. We would make a treaty with them then.

Mr. JACKSON. I think we would be better off to go ahead with the well-considered plans of the Department of Defense and phase out this program as appears practical, meanwhile carrying out the program as recommended by our committee.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. JACKSON. I yield.

Mr. FULTON. Actually the effect of the gentleman's amendment would be the weakening of our antisubmarine warfare plans.

Mr. JACKSON. The gentleman is correct.

Mr. FULTON. That would be the effect of the amendment; it would deny this help to our allies in South America.

Mr. JACKSON. The gentleman says we should continue training. Training with what? Unless you furnish something with which to train troops, there is not much sense in trying to train them.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. JACKSON. I yield.

Mr. FASCELL. As a matter of fact, the amendment is really unnecessary, because the full committee has already

adopted a \$160 million cut in military assistance, and in the committee report the Latin American area is the only area specifically dealt with. Is not that true?

Mr. JACKSON. I believe that is the case.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon [Mr. PORTER].

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 1, noes 105.

So the amendment was rejected.

Mr. PORTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PORTER: On page 3, immediately below line 25, insert the following:

"LIMITATION ON ASSISTANCE TO REPUBLIC OF CHINA

"SEC. 103. Chapter 1 of the Mutual Security Act of 1954, as amended, which relates to military assistance, is further amended by adding at the end thereof the following new section:

"SEC. 108. LIMITATION ON ASSISTANCE TO REPUBLIC OF CHINA.—No assistance may be furnished to the Republic of China after the date of enactment of the Mutual Security Act of 1959 for any period during which the armed forces of the Republic of China number more than 200,000."

(Mr. PORTER asked and was given permission to revise and extend his remarks.)

Mr. PORTER. Mr. Chairman, one nice thing about being at the bottom is that the only direction you can go is up.

Mr. Chairman, if this amendment becomes law Chiang would have to reduce his armed forces from their present 600,000 to 200,000 or less if he wanted any help under this act.

The saving to the taxpayer would be more than \$150 million this year and vastly more in years to come. On page 17 of the report the figure for military assistance to the Far East is \$567 million. About 40 percent, or \$227 million is expected to go to Chiang. A two-thirds reduction as proposed in the amendment amounts to more than \$150 million.

Will this saving mean hamstringing the defense of Formosa? The gentleman from Ohio [Mr. HAYS] said yesterday it would. I respect and appreciate the forthrightness, sincerity and ability of this high ranking member of the Foreign Affairs Committee, but this time I cannot agree with him.

Yesterday off North Korea two "mystery Migs" attacked an American patrol plane over international waters, seriously wounding a crewman. This was the 33d such incident since 1950. The point is that our Navy and our Air Force, with all the risks, large and small, are in this area protecting our interests and keeping our commitments.

Taiwan, or Formosa, is 100 miles from the Chinese mainland. Before the Red Chinese or the Russians, or both, can engage Chiang's army, they will first have to reckon with our Navy, our Air Forces, and whatever other considerable forces we can bring to bear against them.

The gentleman from Ohio is not a general, nor am I, but we can recognize that we are committed to defend

Formosa, that Formosa is 100 miles across the water from the mainland, that Formosa is an island of less than 14,000 square miles—half the size of West Virginia—and that Chiang and the late Secretary of State both formally announced last October that Chiang no longer planned an attempt to return to the mainland by force.

Assistant Secretary of State Walter Robertson said in the hearings—page 1140—on this bill that every indication was that Chiang would not use force to return to the mainland. This means his army is now purely defensive, useful to repel possible commando raids of paratroop landings and to keep internal order. Several of our generals have said off the record that 200,000 would be ample, which seems pretty plain when you consider that the 7th Fleet and U.S. Air Force components are in front of them. I know of no testimony in the hearings supporting 600,000 men.

Our able colleague and member of the Foreign Affairs Committee, the gentleman from Connecticut [Mr. BOWLES] expressed his hope in the hearings—page 114—that we would adjust our budget to what was required for the total defense of the island. That is the purpose of this amendment.

What about holding these forces as a reserve for possible use in Korea or in southeastern Asia? The answer is that we have no such agreement in effect or, so far as I can find out, contemplated. The 400,000 would be of little help in a major war and of doubtful value in a delicate limited war. Our \$150 million can be better spent.

Of course, I should expect that we would help in the readjustment of the demobilized soldiers, and that this would cost us money. Far better that they should become productive citizens than remain expensive unnecessary soldiers.

Formosa is our responsibility. Our Armed Forces can and will protect it. Chiang's forces are now admittedly only defensive and as such have a limited role in the island's defenses, so limited that 200,000 men are more than ample for their mission.

In short, why spend \$150 million for soldiers that are not needed for the defense of Formosa?

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to my friend from Wisconsin.

Mr. ZABLOCKI. I want to ask the gentleman if I heard him correctly when he said that some of our generals had advised him that all the manpower necessary to defend Formosa was 200,000?

Mr. PORTER. I have been told by a reliable source that there are generals who will say that off the record, and I say you do not need to be a general, just look at the facts.

Mr. ZABLOCKI. Would the gentleman name his reliable source? The source of information quoted by the committee is identified as responsible military leaders including the military Chief of Staff.

Mr. PORTER. There is not a general who testified in your record in favor of 600,000 men for Chiang.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Oregon [Mr. PORTER].

I should like to point out to the gentleman from Oregon that our own military strength, and the military defensive power of the free world which is supported with our assistance, are continually under review.

To arbitrarily suggest a two-thirds cut in the armed forces of our ally, the Republic of China, is not only presumptuous but also completely contrary to our mutual security policy.

This proposal not only suggests the weakening of the strength of one of our allies, but—what is even more important—it proposes to weaken the collective military strength of the free world in an area which is extremely critical and immediately exposed to Communist aggression. Surely the gentleman knows the military force on Formosa. The armed forces of the Republic of China are to meet the Communist threat in that area. Through this amendment, the distinguished gentleman from Oregon—although unintentionally—would hand the Communists, on a platter, a more significant victory than any Communist agents could hope to accomplish through years of effort.

In effect, the amendment proposed by the gentleman from Oregon is an open invitation to the Communists on China mainland to take over not only Quemoy, Matus, the Pescadores, and Formosa, but also to extend their dominion over the entire Far East.

To my mind, a more fruitful proposal on behalf of the Communist cause could not have been made even by Mao Tse-tung with some prompting from Khrushchev.

This proposal seems to fall in line with the pattern of the master drive going on this very day in some quarters to recognize Red China by subterfuge, to secure her admission to the United Nations, and to abandon our friends in the Far East.

By adopting this amendment we would destroy the morale of America's allies, particularly in the Far East and the uncommitted nations of the world would stampede to the Soviet camp.

By adopting the amendment offered by the gentleman from Oregon we would be, in effect, extending our hand to clasp the murderous, bloody hand of the Communist butchers who have not—to this very moment—accounted for the 450 American soldiers who were taken as prisoners of war during the Korean conflict.

I recall vividly the eloquent words, and the intense efforts which the distinguished gentleman from Oregon [Mr. PORTER] expended on behalf of one American, considered by some as a soldier of fortune, who disappeared south of our borders.

I would like to invite him to join me, and to contribute his talents and energies, to the task of obtaining an accounting for those 450 American soldiers who

have fallen into the hands of the Communist butchers.

Surely, we should give no thought to the recognition of Red China, or any dealings with them, until every one of those 450 American boys is fully accounted for. That is the least that we owe to those heroic men. I cannot see how—with their tragic plight in mind—we can even think of playing right into the hands of the Communists by cutting down the free world's defenses in the Far East.

As every member of this committee will recall, this august body has unanimously enacted and approved resolutions and petitions against recognition of Red China, and against Red China's admission to the United Nations.

I shall ask for a division vote on this amendment, so that this body in its wisdom can once again clearly and unmistakably express its considered will and determination.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. FULTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I will not take the 5 minutes, but I want to point out that this amendment would be the greatest destruction of the morale of the people of Formosa of any blow that could hit them. That is the first point.

Second, it would mean that we in the United States would be turning our backs on the Republic of China and forcing those free people to reduce their forces by two-thirds, against their will.

Third, it would mean that we in the United States of America had elected a course of dollar diplomacy in this instance that would have us in this Congress set the size of the armed forces of another country through the use of leverage of dollar aid. I am sure I oppose it and I hope everybody in this Congress does.

We Americans remember the fine victory of Formosa and its air force last year, when 31 Red Chinese planes were knocked down to only one loss for the Formosan air service, even though that has occurred, we in America would be saying to these people if we do not oppose this amendment, that you will only have enough for your ground forces from here on, and we are cutting out your Formosa air force with all its necessary ground support personnel and facilities.

We know that in the use of the U.S. Sidewinder missiles by the Formosa air force against a target plane there was a 100 percent hit within the effective range of the missile. The Red Chinese air force has now retired to regroup and retrain following this loss. We would by this amendment be saying to the world that we favored decimating the forces of Chiang Kai-shek and the good Formosan air force that have performed gallantly and have won this tremendous and historic victory.

Mr. JACKSON. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I will be glad to yield to the gentleman from California.

Mr. JACKSON. It has been reported that the troops on Taiwan, their very

presence, are faced by the largest ground forces in the world in the form of an unknown number of Chinese divisions tied up on the China coast. I am sure that this is a fact, and I think that it would be a devastating thing to all of our allies in the Far East if this Nation took the position that this amendment suggests.

Mr. FULTON. I want to compliment the gentleman from California on his statement, because some of us in the Pacific in World War II, know how strong a defense we have when we have an unbroken island chain in the west Pacific and how weak it would be if we gave one of those bases up.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Oregon.

Mr. PORTER. I just want to make this point, which apparently I have not been able to get over to some Members of the House, and that is, what we are talking about is the defense of Formosa. And Formosa is going to be defended by our Air Force, by our Navy, primarily. Now, the ground components are those of Chiang Kai-shek, and we voted for those ground components, and we ought to be able to say, now that he is no longer going to the mainland, that they ought to be reduced and save the American taxpayers some tax dollars.

Mr. FULTON. I still strongly disagree with the amendment and ask that it be defeated.

Mr. MEYER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I know that no words of reason, no facts that I would present, no statement that I would make on this floor today would have any chance of prevailing or making any impression in the emotional climate which exists. But I say to you that the Achilles heel of America lies in Formosa. The time will come when we will regret our actions there. The time may come when this country will face a terrible war because of our actions in Formosa, and I say that there is practically no justification for continuing the present position there.

Six-hundred thousand troops—what good are the troops on Quemoy and Matsu in a military sense? Psychologically, yes. But in the final analysis, the people in this House and the people in America will realize that the amendment proposed today was a sound one. It was a move in the right direction. Sooner or later America will take this step anyhow, and the sooner we get over the idea we should not take it, the sooner we give it serious consideration and decide that we are wrong here, that we are going to change our position, the better off we will be.

Mr. CURTIS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MEYER. I yield to the gentleman from Massachusetts.

Mr. CURTIS of Massachusetts. I would like to call the gentleman's attention to the opinion concerning the value of these troops in Taiwan given to our committee by the Assistant Secretary of State for the Far East, Hon. Walter S.

Robertson, on that subject. I quote from a speech in which he said:

The Chinese military forces on Taiwan of some 600,000 are an important factor in the military balance of power in the Pacific, and a continuing deterrent to the renewal of Communist aggression in Korea or elsewhere in Asia. If Taiwan should be given over to the Communists, Japan, the Philippines, and all of southeast Asia would be seriously threatened.

Mr. MEYER. Mr. Chairman, I will answer the gentleman from Massachusetts. If the distinguished Assistant Secretary of State is so well informed, why, when I asked him if he knew anything about the Taiwanese Government in exile in Japan, did he say "No"? And, if he knows that much about the Far East, then he does not know very much.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MEYER. I yield to the gentleman from Pennsylvania.

Mr. FULTON. The question comes up: When you make it a general proposition that we in the United States should not take this military posture in the Far East, does the same reasoning apply for Europe? Does the gentleman mean that we should not have the present NATO setup in cooperation with the European nations?

Mr. MEYER. The situation is entirely different. I would not extend my reasoning in the same way.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. MEYER. I yield to the gentleman from Oregon.

Mr. PORTER. I still have not had any of the opponents to my amendment tell me how else Formosa can be attacked, looking at it without consideration of the moral side at all—how they can be attacked except in such a way that our Navy and our Air Force who are there will fight; we are committed. They will be the first line of attack—how these 600,000 troops, by Chiang's own statement and by the late Secretary Dulles' own statement—how they will be involved in the defense of Korea, because of the front line of our troops, is very hard to see.

Mr. MEYER. I would say to the gentleman from Oregon, I would like to repeat, that when emotion prevails the use of facts or figures or reason means very little.

Mr. FULTON. Mr. Chairman, will the gentleman yield further?

Mr. MEYER. I yield to the gentleman from Pennsylvania.

Mr. FULTON. The question comes up in the Far East, if our U.S. military posture is wrong, with economic aid to help these friendly countries support their economies, what, then, should be the policy? Would the gentleman from Vermont and the gentleman from Oregon favor the recognition of Communist China? And, taking the converse of the question, should the United States affirmatively take the step and agree and say to Red China, "We welcome you now," and should Red China then join the United Nations and become a mem-

ber of the Security Council? The gentleman must answer those questions. If he does not, he is just being negative.

Mr. MEYER. I will very gladly answer them if I have time. I would say to the gentleman from Pennsylvania this. I would suggest that the troops be withdrawn from Quemoy and Matsu, that Quemoy and Matsu be permitted to go under the Red Chinese Government, if necessary, and that under the United Nations we guarantee the integrity of Formosa for the time being.

The CHAIRMAN. The time of the gentleman from Vermont [Mr. MEYER] has expired.

Mr. JUDD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time, not to try to influence any votes against this amendment; I am sure that will not be necessary. But some of the things that have been said here, unless corrected, might injure the United States in the minds of our own people and of other peoples who might read them in the Record and not understand all the circumstances of this debate.

The suggestion has been given that the 600,000 first class troops that have been built up on Taiwan with our aid were established at that size by Chiang Kai-shek for his alleged purpose of invading the mainland. But in fact, that is the level of forces that our military officials determined it was most advantageous for the free Chinese to have on Taiwan. They were not for the invasion of the mainland. They are for the defense of the island chain and other positions in the Pacific which are essential for the security of the United States.

Now I am not an admiral or a general, as the gentleman from Oregon says he is not, but we have had plenty of testimony from men who are admirals and who are generals—among the best the United States has. I should like to read a few excerpts from some of this testimony because it ought to be in the Record here. This is the testimony before our committee of the commander in chief of all our forces in that part of the world, Admiral Felt. He said:

My greatest strength is the capacity to wage war contained in the divisions, fleets, and air wings of the U.S. Armed Forces which are assigned to my operational command. * * * They are responsive to the many situations which arise and which can be visualized in the vast area served by the Pacific and Indian Oceans.

They are mobile, as they must be, to cover and support U.S. interests in that part of the world. This strength—great as it is and characterized by the striking power of carrier task forces, amphibious assaults, and tactical air bombers—is not enough. We must be able to project our power forward and maintain a significant part of it in the western Pacific rather than accepting a concept of close-in "home defense."

This we have been able to do because we have become allied with other free peoples and because they are geographically situated contiguous to or just offshore of the Communist bloc. * * *

The free Asians want us there alongside them. They understand thoroughly the significance of our Air Force units stationed along the chain. They appreciate the war deterrent argument represented by U.S.

marines in Okinawa and U.S. Army divisions in Korea. They know that 7th Fleet ships paying calls at their ports are reassurances of U.S. friendly power.

Our forces deployed to the western Pacific can satisfy only in part, however, the security requirements of these countries. In other words, realization of a forward strategy for employment of U.S. forces is still not enough. Since surely it is to our interest that our Pacific allies not be destroyed by the Communists, they must have strength of their own to survive. I am convinced that the fundamental need is for them to have an appropriate amount and kind of military strength.

Another point is made by the Taiwan experience of last year. Here was another testing ground to see if U.S. preoccupation with Europe and the Middle East would reveal an unwillingness or inability to react to aggression in another part of the world.

The response of the United States and the failure of the Communist armed people is recorded in history.

I wonder, however, if people read it carefully enough to realize that it was direct action by the Republic of China which actually contained aggression in the Strait area. Armed Forces of the United States were able and ready if the Communists forced an issue of principle. But it was unnecessary. The Republic of China found ways to defend their offshore islands with their own soldiers, sailors, and airmen. And why? Because America has provided the right kind of material aid and a superior brand of training aid to the Chinese Nationalist armed forces.

This has been a mutual affair. Strong mobile U.S. forces have been at the vital points of decision when they were needed. Equally important is the fact that indigenous armed forces have fought their battles successfully. These latter forces could not have fought successfully, or in some cases even have existed, without our military assistance programs. Survival of millions of people—the denial of tremendous economic assets to the Communists—retention of social, cultural, and religious ways of life held dear by our Asian friends—these are the dividends paid back on our military assistance and defense support investments.

Well, that is the history of a successful venture. What about the future?

The prospect for the future is one of danger and threat to our existence. It is one which calls for firmness and progress.

The threat of Communist arms and invasion from outside is constant. Hungary is vivid in the minds of free Asians. So is Kinmen (Quemoy). The difference between Hungary and Kinmen is that we can reach our friends in the western Pacific quite readily and have proved that we will come to the assistance of a friend in trouble. All we ask in return is that they provide means to assure their own internal security, to deter overt armed aggression, and to retard it if it occurs, until the support of the United States and the free world can be brought to bear. Some of the means can be and are provided by these nations for themselves, manpower being the outstanding example and perhaps the most precious military asset. Material things which they do not have, we supply. We train their manpower in the use of the things we provide.

Mr. GEORGE P. MILLER. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. GEORGE P. MILLER. It was my privilege to visit the Far East last year being then a member of the Committee on Armed Services. I want to say to you,

and not emotionally, may I say to my friend from Vermont because I try to weigh these things as calmly and as coolly as the gentleman does, but I want to say to you if this amendment is adopted, you are striking at the vitals of Korea and Vietnam and the Philippines and at the great effort that has been put forth in Thailand to kick out the Communists. We will lose face, and that means so much to the Oriental, if this amendment prevails. I think the gentleman from Minnesota [Mr. JUDD] knows that better than anyone else, and I am sure he can explain it much better than I can.

Mr. JUDD. The gentleman is so right. Nothing could do more to discredit us, demoralize our allies—not just Taiwan but the others too—and weaken our defenses. But I am just quoting from Admiral Felt's testimony, the man who is responsible for the defense of the United States in the Pacific basin.

He said:

During recent months, I have reexamined our programs to make sure they are consonant with my strategic plans. Some of them are being reshaped to fit the facts of future life as I see it and have tried to describe for you. * * * In some cases, I can see long-range opportunity to reduce the size of military establishments, provided we have the understanding, foresight and perseverance to qualitatively improve the forces involved.

I have had many talks during these recent months with the civil and military leaders in all of these countries and have kept in constant touch with developments through our Ambassadors and the military advisory groups. My outstanding impression is the faith our Pacific allies have in the United States. They knew we were strong. They found out last fall that we hold dear our principles and are willing to fight for them. They are proud of their own growing strength to resist communism. And they have faith that we will not let down on our support of them and sacrifice their freedom. I believe, ladies and gentlemen, that their faith is worth preserving. If our forward strategy fails—if the offshore island link is broken—if the resistance of freemen in southeast Asia to communism is breached—if, in other words, we jeopardize the security of our friends by withholding the means for its maintenance and improvement—the position of the United States will indeed be very insecure.

The gentleman's amendment would do exactly what the Admiral warns against—and make our position very insecure.

It is clear that our military leaders will move to reduce our support and the size of Chinese and other forces as soon as the threat which Taiwan and other parts of the island chain face, will permit.

Taiwan is the place being watched by friend and foe alike as the test of American policy, American steadfastness, American dependability as an ally. It has a battle-tested force which makes up one third of the free world military forces in the Far East, including our own. These Chinese forces "not only man the defense of the vitally strategic island of Taiwan" to quote a memorandum to the Committee from the Department of Defense, "They are an important deterrent force inhibiting the Chinese Communists from resorting to military adventures in Korea and elsewhere in Asia."

No wonder the Communists work tirelessly to weaken such a force. But why should Americans be trying to do it?

Mr. Chairman, I want to point out that a free and strong Chinese Government and military force on Taiwan are important in another sense. It is a rallying point for the 12 million Chinese living in the free countries of Southeast Asia—more Chinese than there are on Taiwan. If Taiwan is weakened and their faith in America shaken, they will inevitably turn more and more to Red China with grave danger to Southeast Asia. Taiwan has become a show place in the Far East. They have carried out genuine land reforms, with increased agricultural and industrial production, education and health, improving the lot of the people better than in any of the other countries in the Far East, except Japan. Taiwan is also a beacon of hope for the Chinese enslaved on the mainland. Our best hope of ultimately getting a livable settlement in that part of the world lies in the will and determination of those 600 million Chinese on the mainland to resist from within until Communist power is weakened or Communist policies forced to change. Let us do nothing to weaken the hopes of those 600 million Chinese, their confidence, their morale, their will to resist. I wish I had time to read the testimony of Secretary Dulles on this point, the last time he appeared before our committee.

Mr. Chairman, the 600,000 Chinese forces on Taiwan are facing, yes, in actual combat every few days, with the largest Communist land forces anywhere in the world. Surely to order an immediate two-thirds reduction of the troops in the front line would be a strange way to strengthen our position and deter our enemy. Of course, we will not do anything so foolish and shortsighted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon [Mr. PORTER].

The question was taken; and on a division (demanded by Mr. ZABLOCKI and Mr. FULTON) there were—ayes 6, noes 143.

So the amendment was rejected.

Mr. FEIGHAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FEIGHAN: On page 3, immediately below line 25, add a new section 103 as follows:

"SEC. 103. Section 143 of the Mutual Security Act of 1954, as amended, which relates to assistance to Yugoslavia is revised to read as follows:

"SEC. 143. Assistance to Yugoslavia.—No assistance shall be furnished under this Act to Yugoslavia after the date of enactment of the Mutual Security Act of 1959."

Mr. FEIGHAN. Mr. Chairman, the Department of State recommends \$12.3 million in economic aid to the Communist dictator Tito. This may seem like a small amount when compared with the total appropriation recommended for the foreign aid program. However, it is a very significant amount in relation to the total that Communist Dictator Tito has pilfered from the pockets of the American taxpayers during past years. It is unbelievable that up to date one of the key leaders of the international Com-

munist conspiracy has extracted from the coffers of the United States a total of \$424 million in economic aid alone. I repeat—the total sum of hard-earned taxpayers' dollars handed over to the Communist movement through Tito for economic purposes alone is \$424 million. Tito proclaims he is an avowed Communist. Monday I placed in the CONGRESSIONAL RECORD, beginning page 9832, a summary of recent events which set forth exactly what the policy of Tito is. Briefly, it is to bring about the complete domination of the world by the Communist conspiracy.

The Department of State recommends that we aid and abet the Communist leader Tito in his efforts to raid the Public Treasury of the United States by handing over to him an additional \$12.3 million for economic assistance.

Mr. Chairman, in order that the public may have some idea of the extent to which they have been forced to contribute to the spread of communism through Tito, I will include in my remarks the breakdown of the total amounts of economic assistance to Yugoslavia.

Over and above all this the Communist leader Tito has pilfered the Public Treasury of the United States through every device which Congress has developed to aid free and independent nations threatened by the scourge of communism. In so-called military aid alone, our taxpayers were bilked for hundreds and hundreds of millions of dollars, you can look at the exact figures on the desk, during which time Tito forbade us to know how this military assistance was being used, or how it would be used in the event of a free world conflict with Communist Russia.

In addition to this, Tito has been able to extract approximately \$105 million more through special assistance under Public Law 480, and the Development Loan Fund.

The only argument advanced for giving any type of aid to Yugoslavia is the same argument that was used to cause Congress to make the first appropriation for assistance to Yugoslavia. That argument was that Tito had broken with the Kremlin and that he represented a new phenomenon called national communism which could be used to break up the power bloc of the Russian Communist empire. Now let me quote for you what Tito himself says in refutation of this specious argument about national communism. I quote:

I must say that there is no national communism. Yugoslav Communists are also internationalists. * * * The whole thing is that various countries which are building socialism have different conditions under which the new system is being built. That does not mean that the systems are different, but only that there are differences in the roads which lead to the same Socialist systems. As far as our international obligations as Communists are concerned, I must say the Communists of Yugoslavia have never failed to fulfill them.

Thus, Tito boasts of the fulfillment of his obligations to the international Communist conspiracy.

On another occasion Tito said:

I wish, comrades, that Poland and Yugoslavia—which are much criticized for practicing some national communism, which I consider nonsense—ought to show that they have no use for any national communism.

Some naive people believe that Tito is neutral. Tito in his own words refuted this idea.

In June 1956, Tito visited Stalingrad as a guest of the Russian leaders and here is what he said in a public address made in response to the welcoming statement:

Yugoslavia, in time of war, as in time of peace, marches shoulder to shoulder with the Soviet people toward the same goal—the goal of the victory of socialism.

The hearings have not disclosed an answer to or explanation of the fact that Tito, by his statements, proclaims that he is part and parcel of the international Communist conspiracy. Unfortunately any discussion of this crucial issue is always off the record. Therefore the hearings offer no guidance to Members of Congress.

It is time that Congress act in the interest of the American taxpayer and stop this pilfering of the Public Treasury by the Communist leader Tito. I direct attention to the thievery of the Communist dictator Tito in order to develop public support for the worthwhile provisions of this bill. I have voted for the foreign aid bill because of the help it accords to free and friendly nations and despite the fact that it has carried provisions extending some forms of assistance, either military or economic, to the Tito regime in Yugoslavia. In the interest of putting our foreign aid program on a sound basis and thus gaining the support of the American taxpayer for the program, I urge the adoption of my amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. FEIGHAN].

The question was taken; and on a division (demanded by Mr. FEIGHAN), there were—ayes 47, noes 61.

So the amendment was rejected.

The Clerk read as follows:

CHAPTER II—ECONOMIC ASSISTANCE

Defense support

SEC. 201. Section 131(b) of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out "1959" and "\$810,000,000" and substituting "1960" and "\$750,000,000", respectively.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 4, line 6, strike out "\$750,000,000" and insert in lieu thereof "\$635,000,000."

Mr. BENTLEY. Mr. Chairman, I can explain the purpose of my amendment very briefly. This refers to defense support for which the administration requested \$835 million and which the committee in its wisdom reduced by the sum of \$85 million to a total of \$750 million.

My amendment would seek to reduce this amount by an additional \$115 mil-

lion, approximately \$200 million below the administration request.

For the benefit of those Members who still may not know what defense support is, I will read from the committee print:

Defense support is economic assistance restricted to certain nations which receive U.S. military aid in support of significant forces. Only the following 12 nations are currently scheduled to receive defense support in fiscal 1960.

Defense support is provided to these countries, each of which is poor and is maintaining a military effort considerably in excess of the economic capacity, so that they may continue to maintain armed forces at the levels which are believed to be necessary to provide the minimum defense required to deter and defend against Soviet aggression.

Mr. Chairman, defense support is scheduled to be received by 12 countries in fiscal 1960. They are Korea, the Republic of China, Vietnam, the Philippines, Laos, Cambodia, Thailand, Pakistan, Iran, Turkey, Greece and Spain.

I will admit, Mr. Chairman, in many of those countries I think it is very important that we maintain adequate defense forces. I submit in several of those countries I believe that we are asking them to maintain defense forces not only in excess of their economic capacity but in excess of military requirements. I believe the program can absorb this reduction in economic assistance. I maintain again it is economic and not military assistance.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The committee has already cut the defense support to a bare minimum. The Executive requested \$835 million. The committee cut this \$85 million to \$750 million.

These 12 countries that the gentleman mentioned, Korea, the Republic of China, Vietnam, the Philippines, Laos, Cambodia, Thailand, Pakistan, Iran, Turkey, Greece, and Spain maintain over 3 million troops.

This is defense support. This is economic aid which is absolutely essential to the military effort. Most of these countries strained their budgets to support these great armies. Turkey and Korea used 30 percent of their national budgets to support their military defenses. This assistance is absolutely necessary.

The committee has made a rock-bottom cut. This is defense support for countries that are right up against the Soviet border.

Mr. Chairman, I ask that the amendment be defeated.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. HAYS. The gentleman probably should point out that the great proportion of this goes to Greece and Turkey.

Mr. MORGAN. Yes.

Mr. HAYS. And Korea. I especially want to make a point of Greece and

Turkey, which could not possibly maintain these forces if they did not have this money.

Mr. MORGAN. That is right.

(Mr. GALLAGHER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. GALLAGHER. Mr. Chairman, the committee has already cut defense support to the bare minimum. The Executive requested \$835 million; the committee cut this by \$85 million to \$750 million. The committee took this action primarily because its studies of economic assistance programs in the less developed countries indicated that there had been some overfinancing of such programs in the past, that is, more money had been provided than the countries were able to absorb. The reduction by the committee is adequate to correct this situation and the ICA has changed administrative control procedures so as to prevent some of the shortcomings which were noted in the past.

The House should not focus on a lump-sum figure in dollars and on an abstract concept of economic aid, but on the specific countries which would be affected if a further cut in defense support is made. Only 12 countries are scheduled to receive defense support. They are as follows: Korea, Republic of China, Vietnam, Philippines, Laos, Cambodia, Thailand, Pakistan, Iran, Turkey, Greece, and Spain.

These 12 countries maintain forces of over 3 million men. Each of them has a strategic role of major importance to perform. We give them economic assistance in order that we may have from each the military program necessary to carry out our overall defense strategy.

There is no chance that Korea could support itself and maintain its present level of military forces. Unless we want to throw away the results of our defense of South Korea in which so many American lives were lost, we have to continue to provide economic support.

It is of major importance that Laos be kept free from Communist domination. Granting the past shortcomings in the administration of the program there, the answer is not to cut off or drastically reduce defense support to that country. Unless we are willing and able to underwrite the economy of Laos, Laos cannot survive as a member of the free world.

Six of these countries—Spain, Greece, Turkey, the Republic of China, the Philippines, and Korea—are sites of major U.S. military installations which have an important role in U.S. defense strategy.

The consequence of a further cut in defense support to these 12 countries would not be primarily that foreigners would have to tighten their belts and live more austere lives, but rather that the military effort of these countries would be diminished.

Defense support involves economic expenditures. It provides gasoline for civilian transportation, textiles for clothes, machinery for highway construction, and local currency to meet military budgets. If economic assistance of this material is not available, the countries will have to divert their manpower, money, and other resources from their

military effort to civilian purposes in order to keep the country going without disrupting the political and economic structure.

Our present defense strategy and organization is based on the availability of U.S. military installations overseas and of the forces of other nations stationed in various parts of the world. It may be theoretically possible to develop another and equally effective defense strategy and organization, but even if this should prove to be true, it would take 2 or 3 years for us to reorganize and reequip our forces to conform to such a new strategic plan. If military aid is cut off or drastically reduced in the meantime, we would find ourselves, temporarily at least, in a weakened and vulnerable position.

All of our military leaders who have both the responsibility for our defense and access to all available information as to our own capabilities and those of our enemies, agree that the military assistance program as now planned and organized is vital to our defense. They do not believe that there is any effective alternative. The House should hesitate to override the judgment of our best qualified military leaders in this matter.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY) there were—ayes 29, noes 78.

So the amendment was rejected.

The Clerk read as follows:

UTILIZATION OF COUNTERPART FUNDS

SEC. 202. Clause (iii) of section 142(b) of the Mutual Security Act of 1954, as amended, which relates to utilization of funds in Special Accounts, is amended (1) by inserting immediately before the colon preceding the first proviso the following: "or for the advancement of education, including the establishment, expansion, or operation of schools, colleges, or universities for the promotion of vocational, professional, scientific, technological, or general education", and (2) by inserting immediately before the period at the end thereof the following: "Provided further, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States".

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 4, line 10, strike out "(1)" and all that follows down through "(2)" in line 15, on page 4.

Mr. BENTLEY. Again, Mr. Chairman, this amendment can be explained very briefly, I think. I takes out that portion of the section which would authorize the use of counterpart funds for the advancement of education, including the establishment, expansion, or operation of schools, colleges, or universities for the promotion of vocational professional, scientific, technological, or general education.

Mr. Chairman, we have not had the school aid bill, the Federal aid to edu-

cation bill, before us this year, but I maintain that the Members of the House are scarcely in a position, regardless of how they intend to vote on the question of Federal aid for American schools and American teachers, to start voting the authorization of counterpart funds contained in this bill for school aid abroad, for the building of schools and the payment of teachers' salaries abroad, regardless of any connection on the part of these foreign schools, whether American or not. I maintain that this is a good amendment to adopt, because, as I say, regardless of how we are going to vote on the question of Federal aid to education, if you are going to be for it, you certainly are not going to be voting for foreign aid to education before you are going to vote for American aid to education. And, if you are going to vote for school aid at home, you certainly are not going to vote for school aid abroad.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from West Virginia.

Mr. BAILEY. Will the gentleman accept an amendment to his amendment that would strike the remainder of the section down to and including line 22? I can see no reason for that remaining there.

Mr. BENTLEY. I would be glad to accept the gentleman's amendment.

Mr. BAILEY. If you do, I will accept your amendment.

Mr. BENTLEY. I will be glad to accept the amendment of my friend.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. BAILEY. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. BAILEY to the amendment offered by Mr. BENTLEY: On page 4, line 8, strike out all of section 202 down to and including line 22.

Mr. BAILEY. Mr. Chairman, as chairman of the Subcommittee on General Education and in view of the experience I have had over the past several years in trying to get some legislation favorable to the boys and girls of America—and I recall for 10 years back including fights over school construction and what have you—I would be remiss in my duty to the loyal boys and girls of this country and to the many loyal friends in this Congress who have battled alongside of me for years in an effort to improve the situation affecting our educational system in this country if I allowed a piece of legislation of this type to be approved, such as contained in section 202, without protest.

What do you propose to do? Do the very things that I reminded you 2 years ago when I was on the floor trying to put through a school construction bill? I brought in copies of 184 contracts entered into between the United States and universities and colleges and groups in this country carrying on educational programs abroad. And, here we do not even have the money to build needed classrooms in this country.

Now, do not pay any attention to the gentleman from West Virginia, but in

Heaven's name do not insult the intelligence of the Members of this Congress and the intelligence of the American people by trying to put over something like this, giving the President a blank check to spend money to build universities and colleges and what have you abroad, when we cannot build them here at home. I am going to be disappointed in you if you let that go through.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. DENT. If I am right, you are now voting to strike out the entire section 202 down to line 22?

Mr. BAILEY. That is right.

Mr. DENT. Which carries this proviso which I hope somebody can explain to me; that not alone are we utilizing this money, as the gentleman from West Virginia has said, but after the need has passed in the country we are giving it to, they can, in turn, loan it to some other country for whatever purpose they see fit. If that is true, how can it be done?

Mr. BAILEY. At least it never gets back into the Treasury of the United States.

Mr. ZABLOCKI. Mr. Chairman, the purpose of that proviso is that the United States have a continuing supervision over the reloading of funds that are being paid by the recipient country. If we do not have that language we lose supervision. Is that what the gentleman wants?

Mr. BAILEY. Mr. Chairman, I have not yielded to the gentleman. I saw the gentleman turn down some new Members of the House just in the last half hour, would not yield to them, so I am not yielding to him at this time.

Mr. DENT. Mr. Chairman, will the gentleman yield to me?

Mr. BAILEY. I yield to the gentleman from Pennsylvania.

Mr. DENT. In answer, the gentleman, I think, has put his finger on the situation that I was trying to bring out. Whose funds are these? What do you mean, we are going to have the right to participate with a country to which we give the money in determining where they spend our money?

Mr. COFFIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I take it that the amendment we are now discussing is the result of the copulation of the Bentley Amendment and the Bailey Amendment. The amendment proposed by the gentleman from Michigan would strike out the language providing for use of funds in the special account under section 142 for education. What are these funds? These funds are the proceeds of programs under defense support. They have accumulated up to this time. They are in local currencies. They are not in dollars. Under the law they are subject to the joint control—90 percent of this money; this is the 90 percent we are talking about—the joint control of the United States and the other country for purposes of the act. Actually, this is a clarifying amendment because education is part of the purposes

of our act under technical cooperation. This provision of the bill makes it perfectly clear that local currencies can be used in foreign countries for education.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Virginia.

Mr. GARY. Is it not true that these funds do not belong to the United States, but belong to the foreign country; but the foreign country has agreed that they will only expend those local currencies with the approval of the United States?

Mr. COFFIN. The gentleman is absolutely correct. What would you rather do? Let them pile up and constitute an inflationary threat? Would you let them rot? Or would you use it in a purpose which can do us great good in helping build up the educational systems of these other countries?

The amendment of the gentleman from West Virginia would make it impossible for us to assume joint control over funds as they are paid back, these 90 percent funds that the gentleman from Virginia [Mr. GARY], was just inquiring about. At the present time the two countries have to agree when these moneys are loaned out, when the funds come back. Unless this amendment is defeated then we shall have nothing to say about the further use of the moneys. In other words, this is a step toward protection of the 90 percent funds in the special account which are subject to the joint control of the United States and the other foreign country.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. JUDD. This language gives the United States a veto over the unilateral use of these funds by the other country and without this language we do not have such a veto; is that not correct?

Mr. COFFIN. The gentleman is absolutely correct. This amendment would free these funds of any control.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. BAILEY. Can the gentleman give me any reasons then why it is necessary to put this section in the bill, if it only deals with a small part of the funds? I am told it involves \$1,700 million of surplus or counterpart money for somebody to use to carry on educational programs abroad.

Mr. COFFIN. The gentleman is referring to a very much larger accumulation of local currencies generated under Public Law 480. A year ago or 2 years ago, we passed an amendment in this Chamber that would allow Public Law 480 money to be used overseas for American sponsored schools. This is not that kind of money. This is a very small amount of money which enables our Government to participate with other governments in very fruitful undertakings that are among the most important kind of work that we can do.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. FULTON. May I cite Public Law 480. That is section 1040 to which the gentleman referred. It says:

For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such education institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting workshops in American studies or American educational techniques, and supporting chairs in American studies.

So we already have a program under Public Law 480. This just applies to a small amount under the counterpart funds.

Mr. BOW. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to ask the gentleman from Maine a question. I am confused about these funds. It is being said now that these funds do not belong to the United States, but that they belong to these other countries. How are these funds originally generated?

Mr. COFFIN. These funds are generated under our defense support program when we send commodities into a country and sell the commodities and make the proceeds in local currency available to the local government.

Mr. BOW. In other words, the hardware we send to the foreign country is purchased with American dollars; is that correct?

Mr. COFFIN. The hardware or the agricultural commodities.

Mr. BOW. Yes, or the agricultural commodities. And those American dollars to purchase these items go to foreign countries and then these items go to foreign countries and are sold and that is how these currencies are generated; is that correct?

Mr. COFFIN. That is correct.

Mr. BOW. So actually they are American dollars. Is it by some agreement that we have entered into that we lose these American dollars? Will the gentleman explain that?

Mr. COFFIN. On page 72 of the committee report, we detail the agreements which we make with foreign countries, and this has been in the law for some years. This is nothing new this year. It says:

(b) In cases where any commodity is to be furnished on a grant basis under this title under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a special account.

And then it goes on and details what that special account can be used for. The part I am talking about, this educational amendment, has to do with the remainder of the special account, or 90 percent, after we allow 10 percent for public uses. The other 90 percent is subject to joint control.

Mr. BOW. Now the thing that disturbs me is, if this is true, these funds do

not belong to us but belong to the foreign country. Then how is it that we, by this legislation, attempt to say how these funds are going to be used if they are not ours? Then why is this provision in the bill as to how the funds are to be used?

Mr. COFFIN. We cannot force them to be used for this because we have a veto power and the other country has a veto power. So we are merely saying that if education is a project proposed by the other country, we are not barred from going along with that particular project.

Mr. BOW. I yield to the gentleman from New York [Mr. TABER].

Mr. TABER. The fact of the matter is that if we pass this, the thing is thrown wide open and we lose that control over it that the agreements with these countries have provided. Therefore, this is a very good thing to throw out of the bill.

Mr. BOW. In other words, what we are doing by this is amending our part of the agreement and it should not be done by legislation.

Mr. TABER. We are cutting loose our control.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield.

Mr. BAILEY. I would like to call your attention to the report of the committee. This is on page 12, subsection (c). Let me read it to you:

(c) Notwithstanding any other provision of law, foreign currencies available to the United States for utilization under this or any other act may be utilized by the President.

Mr. BOW. That is correct.

Mr. BAILEY. If the gentleman will yield, you will find the same provision in 505.

Mr. COFFIN. I assure the gentleman from West Virginia we will take care of it.

Mr. BAILEY. It is a studied effort.

Mr. COFFIN. We are not giving up control; we still have our veto power.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield to the gentleman from New York.

Mr. TABER. Section 203, page 4, says just the opposite.

Mr. COFFIN. We are not at 203.

Mr. TABER. We are losing control over it.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I would like to know whose money is being given away under this provision. I have not been able to find out, and I listened attentively.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. JUDD. Perhaps I can make some contribution to this. The counterpart provision was suggested, as I recall, by former President Herbert Hoover, in 1948.

Mr. GROSS. I do not care about who suggested it; answer the question, if you will please: Whose money this is that we are talking about here?

Mr. JUDD. The proposal was to have all these funds—

Mr. GROSS. No, just tell me whose money it is you are playing with here.

Mr. JUDD. This money under the law belongs to the foreign countries. Instead of giving them goods outright—

Mr. GROSS. Then I would like to ask what this provision is in the bill for if it is their money?

Mr. JUDD. The original law provided that when we furnish them aid in the form of commodities, they sell them and deposit the proceeds in their currency in a special account.

Mr. GROSS. I do not care about that. What do you have this provision in this bill for if it is their money to dispose of as they see fit?

Mr. JUDD. It is not their money to dispose of as they see fit, that is the point. It can be used only for purposes to which both they and we agree.

The essence of this provision in the bill begins on line 19:

All funds received in payment of such loans—

That is, loans of counterpart funds—prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States.

Mr. GROSS. What right have we to provide in this bill about the reuse of funds or anything else that belongs to these countries?

Mr. JUDD. That is in the agreement between ourselves and the other country. The funds are placed in a special account and can be used only with our consent. We have a veto on the use of the funds.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. TABER. It throws the thing wide open.

Mr. GROSS. Sure it does.

Mr. JUDD. It merely extends to the funds from loans that are repaid, the same general control as we had over the original funds which were loaned.

Mr. GROSS. Is this one of the cute little provisions of this bill that necessitated going to the Rules Committee to obtain a waiver of points of order?

Mr. JUDD. No; this is not. The language from line 17 on is not subject to a point of order.

Mr. GROSS. I am not talking about line 17 or line 23.

Mr. JUDD. I understood that the gentleman is talking about the amendment by the gentleman from West Virginia to the amendment offered by the gentleman from Michigan, and so am I.

Mr. GROSS. I want to know if this is one of the provisions that required the committee to go to the Rules Committee to obtain waivers of points of order. Let me ask this question:

If you are going to turn over those counterpart funds to foreign countries, money that was originally dug out of the

pockets of American taxpayers; if you are going to build schools and colleges in foreign countries, what are you going to do about Members of Congress who will be taking off in droves on junkets late this summer and fall? Will there be any counterpart funds left for them?

Mr. JUDD. If the gentleman will examine the law, he will notice there is a provision that when goods furnished by us on a grant basis to a foreign country are sold by it in the first instance, 5 percent of the proceeds in some cases, and 10 percent in others, is reserved to the United States for its use in those countries for the purchase or upkeep of Embassies, employment of local help, and even entertainment of visiting Congressmen and other American officials.

Mr. GROSS. The gentleman knows that 5 percent or even 10 percent will not be enough to take care of the Members of Congress who will be going all over the world late this summer and fall.

Mr. JUDD. So far in most countries, it has successfully taken care of the local expenditures and also demands made upon it for the living expenses of Congressmen while in that country.

Mr. GROSS. I strongly support the amendment and trust it will be adopted.

Mr. FARBSTAIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the normal course of events counterpart funds would be considered a grant. In other words, there are countries to which we give military aid and because they are unable to maintain themselves we give them what is called defense support. We assist them in order that they may be able to utilize the military hardware that we give them. We help them build roads, we help build bases and things of that kind by money grants. That is called defense support. In the normal course of events that would be a money grant that we would give them. However, instead of giving them the money that is used to build bases, roads, buying uniforms, and things of that kind, for the members of their Armed Forces, we permit them to pay for these items in their own currency. "But we want them to pay for these items. However, as I said before we want them to pay for it in their own currency."

This is called counterpart money or soft money. We cannot use that money. We allow them to retain it but we say, "We want joint control with you as to the manner in which that money is to be spent."

Mr. Chairman, that is the way counterpart funds are generated and that is the purpose of the provision in the bill. We want to retain our control with those countries of the money that has been generated as a result of sales or as a result of giving them these defense support items. Passage of the amendment will deprive us of any control whatsoever of the disposition of these moneys.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia [Mr. BAILEY] to the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BAILEY), there were—ayes 41, noes 81.

Mr. BAILEY. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY) there were—ayes 61, noes 80.

Mr. BENTLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. MORGAN and Mr. BENTLEY.

The Committee again divided and the tellers reported that there were—ayes 77, noes 99.

So the amendment was rejected.

The Clerk read as follows:

DEVELOPMENT LOAN FUND

SEC. 203. Title II of chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 202(b), which relates to general authority, as follows:

(1) In clause (4) of the first sentence, strike out the comma following the words "labor surplus" and insert in lieu thereof the following: "and to the net position of the United States in its balance of trade with the rest of the world."

(2) Insert the following sentence immediately after the second sentence: "The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people, demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives."

(3) In the next to last sentence, immediately before the period at the end thereof, insert the following: "nor shall the fractional reserve maintained by the Development Loan Fund for any guaranty made pursuant to this section be less in any case than 50 percent of the face amount of such guaranty".

(b) Amend section 203, which relates to capitalization, to read as follows:

"SEC. 203. CAPITALIZATION.—There is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund after June 30, 1959, not to exceed \$800,000,000."

(c) In section 204(b), which relates to fiscal provisions, strike out "(a)" in the second sentence.

Mr. SELDEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SELDEN: On page 6, line 2, strike out "\$800,000,000" and insert in lieu thereof "\$700,000,000".

Mr. SELDEN. Mr. Chairman, this amendment is very simple. It reduces the recommendations contained in the bill now under consideration for the Development Loan Fund from \$800 million to \$700 million. This is the sum requested by the executive branch. It is the amount that has been justified as sufficient to carry forward the operations of the Fund during the next fiscal year. To

exceed it would, in my judgment, force upon the administrators of the Fund an amount that they themselves believe to be excessive.

The Fund has already received \$850 million in appropriations. This has been voted in 3 separate slices—\$300 million in 1957, \$400 million in 1958, and a supplemental amount of \$150 million only a few weeks ago. If the full amount contained in this authorization were appropriated, the Fund would then have a capitalization of \$1,650 million.

The basic issue is whether such an amount represents an excessive capitalization to enable the administrators to carry forward necessary projects in the less developed countries.

Of the current availability of \$850 million, the Development Loan Fund has made commitments of \$765,500,000. Thus the present capital of the Fund that may still be used for new loans is \$84,500,000. At the end of May of this year loan applications outstanding amounted to \$1,402 million, and rejections had amounted to \$889,500,000. If the present availability of \$84,500,000 is added to the \$800 million requested by the committee it means that the Fund will have \$884,500,000 to finance about \$1,400 million in proposals. This represents a capitalization equal to about 60 percent of all pending applications. In my judgment, this poses a danger of over-capitalization.

Two years ago when the Fund was established, I was supported by a number of my committee colleagues in urging a go-slow policy in getting the Fund underway. Thus far I have no reason to regret that note of caution. I have no evidence to indicate that the Fund is poorly or inefficiently administered. But because I do not want any such evidence to appear, I am urging the committee today to keep the capitalization within the bounds of good judgment.

Mr. ADAIR. Mr. Chairman, I rise in support of the gentleman's amendment.

I urge the committee to adopt the amendment which is offered by the gentleman from Alabama [Mr. SELDEN]. I had prepared a similar amendment. If adopted, this would mean a reduction of \$100 million which can be made without impairing in any way the program or the Development Loan Fund. Some have the opinion that this increase in the Development Loan Fund was made necessary to demonstrate a change in emphasis in the program resulting from the same thinking this year that economic aid should be stressed more than military aid. If we wish to indicate that change in emphasis it has been done by certain wording in the report. I think that is completely adequate when taken together with a great many statements to the same effect which have been made on this floor. Therefore I repeat we can reduce the Fund by \$100 million, without in any manner impairing the program.

As has been said, the administration did not ask for this amount of money. The request was for \$700 million only. Certainly if we give them all that they requested that ought to be adequate. Then again, if you have in mind the brief legislative history of this Develop-

ment Loan Fund you will be aware that in the years that it has been in existence we have overauthorized. In the years 1957 and 1958 we authorized a total of \$1,125 million for the Development Loan Fund. Appropriations against that \$1,125 million authorization amounted only to \$700 million up to this year. The Congress this year increased it by another \$150 million to make a total appropriation up to now of \$850 million. I say that on the experience of this rather brief period of time, since we have in the past authorized more than was appropriated and more than was found necessary for the program, it is reasonable to assume that we do not need this excess authorization at this time. Therefore, Mr. Chairman, I feel that the amendment offered by the gentleman from Alabama is good and should be adopted.

Mr. McDOWELL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is the first opportunity for many of the Members of this body to demonstrate in their opinion and in their judgment that they believe as they have been voting this afternoon, that they are not too much in favor of the military aid aspects of this legislation. This is also an opportunity to demonstrate their support of the considered opinion and judgment of the committee that in this way, by putting greater emphasis on the capitalization of the Development Loan Fund, they are not in favor of grants.

For those who have and will characterize this program as a giveaway program it is again an opportunity to say, we favor the sound principle of a loan program. I submit to you the judgment of Secretary Dillon himself, and I shall read his testimony before the committee from page 1653 of the committee hearings.

I testified before regarding that, but I would just like to reinforce what I said at that time, and point out the fact that we feel that this \$700 million is an absolute minimum.

The Development Loan Fund, after dwindling out loans that have either been found unacceptable or found of interest to other lending agencies, still has on hand approximately \$1.5 billion worth of requests from 44 different countries. There is every reason to believe that we will continue to receive new requests during the coming year in substantial amounts.

We are convinced that this \$700 million that we have requested is of absolute minimum as it will only allow the rate of activity to continue at the same rate which we have done during the past year which has been, we feel, a minimum and one which we can clearly have go ahead.

He also refers in his testimony to the fact that next year the executive department will request \$1.5 billion on longer term authorization.

I also want to point out that on the total amount already appropriated with the supplemental appropriation amounting to \$850 million that the committee has been told by June 30, 1959, all of the \$850 million will have been committed on loans.

I also want to point out in the total request of the President for capitalization of this fund, that with the supple-

mental appropriation and funds previously appropriated and with the amount the committee has requested of \$800 million in the bill, we are only exceeding the President's total request by \$25 million.

Mr. Chairman, again I want to state the fact that if the Members of the House believe in a sound principle of lending money to these underdeveloped countries so that they may help themselves and boost their economy so that we may in the future be able to trade with them and so that we may be able to export our manufactured products to those countries as they build up their economy on a more substantial basis and get on their feet and are able to purchase from us, if you believe in the sound banking principles that this country and all of the commercial nations of the world are based upon, then I think you must support the committee's recommendation.

Mr. BROCK. Mr. Chairman, the business of foreign aid has cost the American taxpayer and depleted the Federal Treasury to the extent of over \$74 billion since 1946, of which some \$59 billion were distributed as outright gifts. Despite all these billions being poured into foreign countries all over the world, we still have the foreign aid problem with us today. The administration has just asked the Congress to appropriate slightly under \$4 billion more to carry the mutual security program for another year.

In the beginning, this money was given, or a minor portion lent under certain conditions, for the purpose of feeding the hungry, housing the unsheltered, restoring the credit and the economy of war-torn nations who participated in, or were the weak victims of invasion and aggression during and after World War II. Homes and industry had to be restored, agriculture and industry and every other segment of the economy had to be geared back into operation. In addition, millions of displaced persons had to be returned to their former homes or relocated in an area which permitted them to start rethreading their lives on the spool of time. No decent or patriotic American citizen begrudged the heavy financial drain for such humane purposes. It was given freely and with good heart. We here did not suffer the ravages of the terrible war, and the one that followed in Korea, but we did suffer the loss of loved ones who would never return, along with some inconveniences by rationing food and luxuries.

The complex of the picture has now changed from those early days following World War II. Since 1950, some \$20 billion have been spent for aid labeled as "economic," but which had a military complexion. It included money spent to bolster the economies of countries to which we are granting the bulk of our military aid. This was in addition to the money appropriated and used for outright military aid purposes. Few, if any real Americans, opposed the funds earmarked for European recovery. The European democracies were prostrate before militant, marching communism.

The war was won, but the fruits of victory had not been made secure.

This country is, or was, considered the citadel of true democracy and grateful citizens registered their consent to the enormous peace time assistance that was so needed to secure the liberty and freedom bought and paid for by wanton destruction of lives and maiming of many who returned. It was not intended to be a permanent giveaway of the financial resources of its citizens nor was it intended to build a military bastion in every country of the world who professed friendship for us. That is where the division of thought is taking place in present-day consideration of more foreign aid. If our money is to be spent for military might to be located in these friendly nations, then let us, in all good grace, call it military aid, and not use a coverup or dodge by calling the requested appropriations economic aid. Let the military aid to these so-called friendly nations be labeled as military aid, and nothing else. That should at least give us the opportunity of evaluating our position on just what additional economic aid is vital and necessary to carry out what we assume to be our obligations.

Many recognized economists, some of them right in our own Government employ, have stated that economic recovery was achieved in Europe during the period 1951-52. This is 1959 and we are still pouring so-called economic aid into some of the European countries. It seems that we have had a span of years to evaluate our position in that direction, however, there is no better time to do it than now. Factual statistics of our governmental agencies will prove that some of these countries in Europe, and others in Asia, principally Japan, have recovered to the extent that they are competing with us in the foreign export markets. In addition, we take a realistic view of the import increase of their products to this country and the impact on our domestic economy. A concrete example of this is reflected in the importing of small foreign automobiles. We gave them the money to rebuild their industries and add new ones. Now they are increasing their car imports to the United States and pricing our own automobile manufacturers out of the market, which can only lead to future unemployment for the American skilled craftsmen and laborers in the automotive industry. This pattern is further reflected in the textile industry and other segments of our economy.

In the early years of the foreign-aid programs much of the moneys appropriated was spent to purchase and ship surplus agriculture and other processed foods and fibers to these needy nations. In later years, this pattern changed over to shipment of the tools of industry, heavy machinery and production assemblies, machine tools, and the latest in agricultural equipment. Now, the products from these are returning home to us. In addition to the production articles, we are now importing agricultural products, beef, and pork products in processed containers, all to compete with the American manufacturer, his employees who work for a high standard wage, and

the already hard hit American farmer. If these countries have recovered to the extent that they are in such favorable export position, how in the name of commonsense do they need economic aid from us?

We admit the extravagance of our foreign aid programs, and we may just as well admit some of the mismanagement. Much of the money appropriated was wasted and literally went down the drainpipe, but some good was accomplished. Had it not been for our assistance, practically all of Europe would now be under the heel of communism. That much we have to be thankful for at the present time. The mutual aid programs have made us some sincere friends, also some enemies who felt that we did not do enough. It is a matter of conjecture whether some of those we assisted will stick with us in the event of a real showdown with the Soviets and their satellites. Some of them are already wavering before the Foreign Ministers' conferences are concluded.

Today the United States is bearing almost the entire burden of the defense of the free world. Our allies and mutual pact friends whom we assisted in regaining their economy and industrial strength are notable for their achievement in evading their fair share of this burden. This total defense burden is draining our economy and building up our national debt. This lack of cooperation in assuming the burden of mutual defense could well explain why so much of our so-called economic foreign aid finds its way into the channels of military aid. The deficit on the part of our shrinking allies and mutual pact partners must be made up to complete a military committed program. There is no question that a mutual security program is a powerful deterrent to Soviet aggression, but let us spell it out in its proper perspective. Let us send the weapons where they are most needed, but let us get away from the guise of misleading the American people that money is appropriated for economic aid, for feeding the hungry, and then using the greater portion of it for military aid. People in needy countries need food, not guns. First restore their economy and then hand them the weapons needed to defend themselves against aggression.

We have tremendous agricultural surpluses in this country and they are still mounting. If we are to continue economic aid in principle, then let us start to do something on a long-range plan to feed the hungry in needy countries and, at the same time, start to reduce our agricultural surpluses. Foods and fibers will make us many more friends than we seem to have made with the programs to date. The problem as I see it is not whether to continue the mutual security program, but how best to face up to it realistically. Let us put the food where it is most needed and put the weapons where they will do the most good. But, above all, let us keep the respective programs separate and apart.

It is the responsibility of the Congress to carefully scrutinize every detail in the mutual security bill and separate eco-

conomic aid from military aid. Now is the time to reappraise the entire program and divorce from it those aspects which cannot be realistically treated as economic aid. For our own economic welfare, we cannot continue in the same fashion year after year. There is no better time to start than the present.

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, had come to no resolution thereon.

WHEAT MARKETING QUOTAS AND PRICE SUPPORT PROGRAM

Mr. ALBERT (on behalf of Mr. COOLEY) submitted the following conference report and statement, which was ordered to be printed:

CONFERENCE REPORT (H. REPT. No. 560)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1968) to strengthen the wheat marketing quota and price support program, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That title 1 of the Agricultural Act of 1949, as amended, is amended by adding the following new section:

"Sec. 106. Notwithstanding the provisions of section 101 of this Act, for each of the 1960 and 1961 crops of wheat price support shall be made available as provided in this section. The support price for each such crop shall be 80 per centum of the parity price therefor. Wheat of any such crop shall be eligible for price support only if (1) the farm on which the wheat is produced is in compliance with the farm wheat acreage allotment for such crop, and (2) the total acreage on the farm devoted to the production of crops supported under the Agricultural Act of 1949, as amended, which would normally be harvested in the calendar year in which the wheat crop for which the producer applies for price support is normally harvested, does not exceed the total average annual acreage on the farm devoted to the production of such price supported crops for harvest in 1957 and 1958, less an acreage equal to 20 per centum of the farm acreage allotment for the crop of wheat for which application for price support is made which would be in effect for the farm except for the reduction thereof as provided in section 334(c)(2) of the Agricultural Adjustment Act of 1938, as amended: *Provided, however*, That a farm shall be deemed in compliance with the foregoing requirements for price support for wheat if no crop other than wheat supported under the Agricultural Act of 1949, as amended, is produced on the farm for harvest in 1960 or 1961, whichever is applicable, and the farm is in compliance with the farm wheat acreage allotment. In accordance with regulations prescribed by the Secretary, the acreage of such price supported crops for 1957 and 1958 may be adjusted for

abnormal weather conditions, established crop-rotation practices for the farm, diversion under soil bank programs, and to reflect acreage history preserved under section 377 of the Agricultural Adjustment Act of 1938, as amended, to the extent of any unused allotment not diverted to the production of such price supported crops. For the purposes of this section a producer shall not be deemed to have exceeded the farm acreage allotment or the acreage of permitted price supported crops for the farm unless the producer knowingly exceeded such allotment or permitted acreage. In addition, for the 1960 or 1961 crops of wheat, if marketing quotas for the particular crop are in effect and the producers on the farm meet the foregoing requirements for price support and, in accordance with regulations prescribed by the Secretary, designate an acreage on the farm equal to the 20 per centum reduction in the farm acreage allotment required under section 334(c)(2) of the Agricultural Adjustment Act, as amended, for the particular crop of wheat and do not produce any crop thereon which is normally harvested in the calendar year in which the particular crop of wheat is normally harvested and do not graze such acreage during such year, such producers shall be entitled to a wheat payment in kind from Commodity Credit Corporation stocks equal in value to one-third of the average annual yield in bushels of wheat per harvested acre on the farm for the three years immediately preceding the year for which the designation is made, adjusted for abnormal weather conditions and as determined under regulations prescribed by the Secretary, multiplied by the number of designated acres. Such wheat may be marketed without penalty but shall not be eligible for price support. The payment in kind shall be made by the issuance of a negotiable certificate which Commodity Credit Corporation shall redeem in wheat equal in value to the value of the certificate. The certificate shall have a value equal to the number of bushels determined as aforesaid multiplied by the basic county support rate per bushel for number one wheat of the crop normally harvested in the year for which the acreage is designated and for the county in which the designated acreage is located. The wheat redeemable for such certificate shall be valued at the market price thereof as determined by Commodity Credit Corporation. The Secretary shall provide by regulation for the sharing of a certificate among producers on the farm on a fair and equitable basis. The acreage on the farm which would otherwise be eligible to be placed in the conservation reserve program for 1960 or 1961 shall be reduced by an amount equal to the required reduction of 20 per centum under section 334(c)(2) of the Agricultural Adjustment Act of 1938, as amended, for the wheat crop of the corresponding year. Price support at 80 per centum of parity under this section shall be made available only to cooperators and only if producers have not disapproved marketing quotas for the crop: *Provided further*, (1) That beginning with the crop of wheat to be harvested in 1960, the total amount of price support extended to any person on any year's production of wheat through loans or purchases made or made available by the Commodity Credit Corporation, or other agency of the U.S. Department of Agriculture shall not exceed \$35,000, (2) That the term "person" shall mean an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or other legal entity, or any two or more legal entities the beneficial ownership of which is substantially the same or is in members of the same household, or a State, political subdivision of a State, or any agency thereof, except that in the case of a partnership made up of two or more separate families or households each such family or household may be considered at its option as a person for the purposes of this subsec-

tion, (3) That in the case of any loan to, or purchase from, a cooperative marketing organization, such limitation shall not apply to the amount of price support received by the cooperative marketing organization, but the amount of price support made available to any person through such cooperative marketing organization shall be included in determining the amount of price support received by such person for purposes of such limitation, and (4) That the Secretary of Agriculture shall issue regulations prescribing such rules as he determines necessary to prevent the evasion of such limitation. In case marketing quotas are disapproved, price support to cooperators shall be as provided in section 101(d)(3)."

"Sec. 2. (a) In lieu of the provisions of item (1) of Public Law 74, Seventy-seventh Congress, as amended, the following provisions shall apply to the 1960 and 1961 crops of wheat:

"(1) If a national marketing quota for wheat is in effect for any marketing year, farm marketing quotas shall be in effect for the crop of wheat which is normally harvested in the calendar year in which such marketing year begins. The farm marketing quota for any crop of wheat shall be the actual production of the acreage planted to such crop of wheat on the farm less the farm marketing excess. The farm marketing excess shall be an amount equal to double the normal yield of wheat per acre established for the farm multiplied by the number of acres planted to such crop of wheat on the farm in excess of the farm acreage allotment for such crop unless the producer, in accordance with regulations prescribed by the Secretary and within the time prescribed therein, establishes to the satisfaction of the Secretary the actual production of such crop of wheat on the farm. If such actual production is so established the farm marketing excess shall be such actual production less the actual production of the farm wheat acreage allotment. Actual production of the farm wheat acreage allotment shall mean the actual average yield per harvested acre of wheat on the farm multiplied by the number of acres constituting the farm acreage allotment. In determining the actual average yield per harvested acre of wheat and the actual production of wheat on the farm any acreage utilized for feed without threshing after the wheat is headed, or available for such utilization at the time the actual production is determined, shall be considered harvested acreage and the production thereof in terms of grain shall be appraised in accordance with regulations prescribed by the Secretary and such production included in the actual production of wheat on the farm. The acreage planted to wheat on a farm shall include all acreage planted to wheat for any purpose and self-seeded (volunteer) wheat, but shall not include any acreage that is disposed of prior to harvest in accordance with regulations prescribed by the Secretary."

"(b) Notwithstanding the provisions of item (2) of Public Law 74, Seventy-seventh Congress, as amended (7 U.S.C. 1340(2)), the rate of penalty on wheat of the 1960 and 1961 crops shall be 65 per centum of the parity price per bushel of wheat as of May 1 of the calendar year in which the crop is harvested."

"(c) In lieu of the provisions of item (3) of Public Law 74, Seventy-seventh Congress, as amended, the following provisions shall apply to the 1960 and 1961 crops of wheat:

"(3) The farm marketing excess for wheat shall be regarded as available for marketing, and the penalty and the storage amount or amounts of wheat to be delivered to the Secretary shall be computed upon double the normal production of the excess acreage. If the farm marketing excess so computed is adjusted downward on the basis of actual production, the difference between the amount of the penalty or storage com-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of June 18, 1959
86th-1st, No. 101

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HIGHLIGHTS: House rejected conference report on wheat bill, and returned bill to conference. House conferees were appointed on USDA appropriation bill; permission granted until June 22 to file conference report on bill. House passed mutual security authorization bill. Rep. Lane criticized proposed permanent extension of Sugar Act. Senate passed Commerce appropriation bill.

HOUSE

1. **WHEAT.** Rejected, 202 to 214, the conference report on S. 1968, the wheat bill (pp. 10119-28). Agreed to a motion by Rep. Albert to return the bill to conference for further consideration (p. 10128). Conferees were appointed (10128).
2. **AGRICULTURAL APPROPRIATION BILL, 1960.** Conferees were appointed on this bill, H. R. 7175, and permission was granted until midnight June 22 to file a conference report on the bill (p. 10119). Senate conferees have already been appointed.
3. **MUTUAL SECURITY.** Passed, 271 to 142, with amendments H. R. 7500, to extend the mutual security program (pp. 10128-165). Agreed to an amendment by Rep. Gary

to permit the use of foreign currencies for the "purchase and dissemination," in addition to the translation, of scientific books and treatises (pp. 10145-6) Rejected, 47 to 96, an amendment by Rep. Wolf to authorize the President for a 10-year period to donate not to exceed \$250,000,000 worth of CCC surplus commodities annually to the United Nations for famine relief abroad (pp. 10146-49).

4. SUGAR. Rep. Lane criticized proposals for the permanent extension of the Sugar Act, contended that "sugar is a completely controlled commodity," and stated that the "Director of the Sugar Division of the Department of Agriculture admitted that the administration of the Sugar Act has been in accordance with the desires of the domestic sugar industry." pp. 10177-8
5. ELECTRIFICATION. Received from GAO an audit report on the Rural Electrification Administration for the fiscal year 1958. p. 10184
Both Houses received from Interior a proposed bill "to establish revolving-type funds in the Treasury for the Southeastern Power Administration and the Southwestern Power Administration" to Interior and Insular Affairs and S. Public Works Committees. pp. 10184, 10187
6. SALINE WATER. Both Houses received a letter from Interior "relative to the construction and operation of saline water demonstration plants." pp. 10184, 10187
7. FEDERAL-STATE RELATIONS. Rep. Dingell urged the defeat of H. R. 3, to establish rules of interpretation governing questions of the effect of Acts of Congress on State laws, contending that the bill "virtually does away with the power of the Federal Government to be supreme in the field of international relations, interstate and foreign commerce, civil rights, protection of citizens, and the many other fields where the Government properly and constitutionally acts as the Government of one United States." p. 10180
8. HOUSING. The "Daily Digest" states that conferees "agreed to file a conference report on the differences between the Senate' and House-passed versions of S. 57, Housing Act of 1959." p. D502
9. NATURAL RESOURCES; FARM PROGRAM. Rep. Diggs inserted the platform on national affairs adopted by the American Veterans Committee on various matters, including agriculture, conservation of natural resources, economic policy, and housing. pp. 10172-4
10. ATOMIC ENERGY. Rep. Holifield discussed a... hearing to be held June 22-26 by the Joint Committee on Atomic Energy on the biological and environmental effects of nuclear war, including the effects on soils and crops and processed foods. pp. 10174-7

SENATE

11. COMMERCE APPROPRIATION BILL FOR 1960. Passed, 89 to 4, as reported this bill, H. R. 7349. Conferees were appointed. pp. 10196-9
12. LEGISLATIVE APPROPRIATION BILL FOR 1960. Passed, 92 to 1, as reported this bill, H. R. 7453. Conferees were appointed. This bill includes appropriations for the Botanic Gardens, Library of Congress and GPO. pp. 10200-1
13. INDEPENDENT OFFICES APPROPRIATION BILL FOR 1960. A subcommittee of the Appropriations Committee voted to report to the full committee this bill, H. R. 7040. p. D498

agriculture so that constructive action can be taken.

Mr. HOSMER. Mr. Speaker, previously I have spoken to this body regarding my four-point program to end the farm mess. The plan is to stop all farm subsidies now, hold a fire sale to get rid of our \$9 billion in surpluses costing \$1 billion a year to store, then use the proceeds to relocate small farmers who cannot survive without supports, to reduce the National debt, and to start tax reduction. I believe it should be of interest to this body to know that from the great farm area of our country mail is coming into my office approving this program, just as it is coming in from city areas. Further details will be found in the RECORD for June 9, at page 9334.

A letter from Northbrook, Ill., says:

As a taxpayer your four-point program earns my wholehearted support.

From Geneva, Ill.:

As a farmer owning and operating a farm, I wish to state that I am in accord with your four-point program to end farm subsidies.

From Elmhurst, Ill.:

You have the only plan that will work. I am writing my opinion to him (my own Congressman) in another letter.

From Glenview, Ill.:

We want free enterprise and your ideas will surely help make this possible.

From Chicago, Ill.:

Your four-point program to end the farm subsidy mess is the best thing I have ever heard of.

From Palatine, Ill.:

Hope you will continue to fight for free enterprise.

From a Chicago commodity broker:

Your program to end the farm mess deserves a letter of commendation from every taxpayer in the United States.

From another Chicago commodity broker:

Congratulations on your sensible and courageous stand on the farm problem, since grain marketing is my business, I know whereof you speak.

From another Chicagoan:

I certainly wish that all Congressmen would support this sensible view that you have proposed.

There are a lot of us here in the House that would like a chance to vote against all farm subsidies, I would like to know if we are going to have a chance to do so on the forthcoming vote, or at any time this session.

Mr. LATTA. Mr. Speaker, during the debate on the wheat bill, I mentioned that I would offer at the proper time the amendment to restore the 15-acre exemption for the small wheat farmer. I did so to forewarn the House that such an important amendment would be forthcoming. My remarks appear on page 9537 of the RECORD concerning my intention to introduce this amendment. Notwithstanding this fact, the chairman of the Agriculture Committee, the gentleman from North Carolina [Mr. COOLEY], moved that the debate on the bill cease before I had the opportunity to offer the amendment. Mr. COOLEY's

motion to close the debate was agreed to. Due to the adoption of Mr. COOLEY's motion, I was unable to explain my amendment at the time it was offered, and it was rejected. My amendment to restore the 15-acre exemption appears on page 9542 of the RECORD. As a consequence, thousands and thousands of small wheat farmers in America will be forced to take a 3-acre reduction in their wheat acreage and will be deprived of much needed income if this bill becomes law.

Mr. POAGE. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. HOEVEN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 202, nays 214, not voting 18, as follows:

[Roll No. 91]

YEAS—202

Abbutt	Gray	Natcher
Abernethy	Green, Oreg.	Norrell
Albert	Hall	O'Brien, Ill.
Alexander	Hardy	O'Hara, Ill.
Alford	Hargis	O'Hara, Mich.
Andersen,	Harmon	O'Konski
Minn.	Harris	Oliyer
Anderson,	Healey	Passman
Mont.	Hébert	Patman
Andrews	Hemphill	Perkins
Anfuso	Herlong	Pfost
Ashmore	Hogan	Pilcher
Aspinall	Holifield	Poage
Avery	Holland	Porter
Bailey	Huddleston	Preston
Barden	Hull	Price
Bass, Tenn.	Ikard	Prokop
Beckworth	Jarman	Rains
Bennett, Fla.	Jennings	Randall
Berry	Johnson, Calif.	Reuss
Boggs	Johnson, Colo.	Riley
Boiling	Johnson, Wis.	Rivers, Alaska
Bonner	Jones, Ala.	Rivers, S.C.
Bowles	Jones, Mo.	Roberts
Brademas	Karsten	Rogers, Fla.
Brock	Karth	Rogers, Tex.
Brooks, La.	Kee	Roosevelt
Brooks, Tex.	Keogh	Roush
Brown, Ga.	Kilday	Rutherford
Brown, Mo.	Kilgore	Santangelo
Buckley	King, Calif.	Saund
Burke, Ky.	King, Utah	Scott
Burleson	Kitchin	Selden
Cannon	Kluczynski	Shelley
Carnahan	Landrum	Shipley
Carter	Langen	Short
Casey	Lennon	Sikes
Celler	Lesinski	Sisk
Chelf	Libonati	Slack
Coad	Loser	Smith, Miss.
Colmer	McCormack	Smith, Va.
Cook	McDowell	Spence
Davis, Ga.	McFall	Steed
Davis, Tenn.	McGinley	Stubblefield
Dawson	McGovern	Sullivan
Dent	McMillan	Teague, Tex.
Denton	McSween	Teller
Diggs	Machrowicz	Thomas
Dingell	Mack, Ill.	Thompson, La.
Dollinger	Madden	Thompson, Tex.
Dowdy	Mahon	Thornberry
Downing	Marshall	Trimble
Doyle	Matthews	Tuck
Durham	Metcalf	Udall
Edmondson	Miller,	Ullman
Elliott	Clem	Vinson
Everett	Miller,	Walter
Evins	George P.	Wampler
Fascell	Mills	Watts
Fisher	Mitchell	Weaver
Flood	Montoya	Whitener
Flynt	Moorhead	Wier
Foley	Morgan	Williams
Forrester	Morris, N. Mex.	Winstead
Fountain	Morrison	Wolf
Frazier	Moss	Wright
Gathings	Moulder	Young
George	Multer	Zablocki
Grant	Murray	

NAYS—214

Adair	Flynn	Minshall
Addonizio	Fogarty	Moeller
Alger	Forand	Monagan
Allen	Ford	Moore
Arends	Frelinghuysen	Morris, Okla.
Ashley	Friedel	Mumma
Auchincloss	Fulton	Murphy
Ayres	Gallagher	Nelsen
Baker	Garmatz	Nix
Baldwin	Gary	Norblad
Baring	Gavin	O'Brien, N.Y.
Barr	Glaimo	O'Neill
Barrett	Glenn	Osmer
Barry	Goodell	Ostertag
Bass, N.H.	Granahan	Pelly
Bates	Green, Pa.	Philbin
Baumhart	Griffin	Pillion
Becker	Griffiths	Pirnie
Bennett, Mich.	Gross	Poff
Bentley	Gubser	Powell
Betts	Haley	Pucinski
Boland	Halleck	Quie
Bolton	Halpern	Quigley
Bosch	Hays	Ray
Bow	Hechler	Reece, Tenn.
Boyle	Henderson	Rees, Kans.
Bray	Hess	Rhodes, Ariz.
Breeding	Hiestand	Rhodes, Pa.
Brewster	Hoeven	Riehlman
Broomfield	Hoffman, Ill.	Robison
Brown, Ohio	Hoffman, Mich.	Rodino
Broyhill	Holt	Rogers, Colo.
Budge	Holtzman	Rogers, Mass.
Burdick	Horan	Rooney
Burke, Mass.	Hosmer	St. George
Bush	Irwin	Saylor
Byrne, Pa.	Jackson	Schenck
Byrnes, Wis.	Jensen	Scherer
Cahill	Johansen	Schwengel
Cederberg	Johnson, Md.	Siler
Chamberlain	Jonas	Simpson, Ill.
Chenoweth	Judd	Simpson, Pa.
Chiperfield	Kastenmeier	Smith, Calif.
Church	Kearns	Smith, Iowa
Clark	Keith	Smith, Kans.
Coffin	Kelly	Springer
Collier	Kilburn	Staggers
Conte	Kirwan	Stratton
Corbett	Knox	Taber
Cramer	Kowalski	Taylor
Cunningham	Lafore	Teague, Calif.
Curtin	Laird	Thompson, N.J.
Curtis, Mass.	Lane	Thomson, Wyo.
Curtis, Mo.	Lankford	Toll
Daddario	Latta	Tollefson
Dague	Levering	Utt
Daniels	Lindsay	Vanik
Delaney	Lipscomb	Van Pelt
Derounian	McCulloch	Van Zandt
Derwinski	McDonough	Wainwright
Devine	McIntire	Wallhauser
Dixon	Mack, Wash.	Weis
Donohue	Mailliard	Westland
Dooley	Martin	Wharton
Dorn, N.Y.	Mason	Whitten
Dulski	May	Widnall
Dwyer	Meador	Withrow
Fallon	Morrow	Yates
Farbstein	Meyer	Younger
Feighan	Michel	Zelenko
Fenton	Miller, N.Y.	
Fino	Milliken	

NOT VOTING—18

Belcher	Cooley	Magnuson
Blatnik	Dorn, S.C.	Rabaut
Blitch	Hagen	Rostenkowski
Boykin	Harrison	Sheppard
Canfield	Kasem	Willis
Cohelan	Macdonald	Wilson

So the conference report was rejected. The Clerk announced the following pairs:

Mr. Cooley for, with Mr. Harrison against.
Mr. Willis for, with Mr. Wilson against.
Mr. Rabaut for, with Mr. Belcher against.
Mr. Cohelan for, with Mr. Canfield against.
Mr. Magnuson for, with Mr. Macdonald against.

Mrs. Blitch for, with Mr. Dorn of South Carolina against.

Mr. Blatnik for, with Mr. Nagen against.
Mr. Boykin for, with Mr. Rostenkowski against.

Mr. DENT and Mr. FOLEY changed their vote from "nay" to "yea."

Mr. DERWINSKI and Mr. BARR changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

Mr. ALBERT. Mr. Speaker, I move that the House insist on its amendment to the Senate bill and ask for a further conference with the Senate.

The SPEAKER. The question is on the motion.

The motion was agreed to.

The SPEAKER. The Chair appoints the following conferees: Messrs. COOLEY, POAGE, GRANT, ALBERT, HOEVEN, DAGUE, and BELCHER.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7349. An act making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1960, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HOLLAND, Mr. ELLENDER, Mr. MAGNUSON, Mr. KEFAUVER, Mr. HAYDEN, Mrs. SMITH, Mr. BRIDGES, and Mr. SALTONSTALL to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7453. An act making appropriations for the legislative branch for the fiscal year ending June 30, 1960, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STENNIS, Mr. HAYDEN, and Mr. BRIDGES to be the conferees on the part of the Senate.

AMENDING MUTUAL SECURITY ACT OF 1954

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 7500, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, there was pending the amendment offered by the gentleman from Alabama [Mr. SELDEN].

Without objection, the Clerk will again report the amendment offered by the gentleman from Alabama.

There was no objection.

The Clerk read as follows:

On page 6, line 2, strike out "\$800,000,000" and insert in lieu thereof "\$700,000,000".

Mr. CARNAHAN. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, when the Committee rose on yesterday there was pending an amendment on page 6, line 2, which would strike out "\$800,000,000" and would insert "\$700,000,000."

This item has to do with the Development Loan Fund.

I would like to call the attention of the members of the Committee to the fact that the Committee on Foreign Affairs gave very careful consideration to this item. The item was considered in connection with two other items in the bill.

This item was considered in connection with military assistance and with defense support. It was the aim of the committee in the action we took on these three items to show a shift in emphasis in the mutual security program.

We wanted, first, to show an emphasis in a shift from military assistance to economic assistance. The committee reduced the request for military aid rather substantially. We also reduced the request for defense support and we increased the request of the executive department for the Development Loan Fund. This request for an increase is rather meager. We increased the request by \$100 million and, as I said, we would like for this to show a shift in emphasis on the program from military assistance to economic assistance.

The Committee of the Whole has already sustained our committee in the first two items, that in military assistance and that in defense support. We sincerely trust that the Committee will now go the rest of the way with the Committee on Foreign Affairs and indicate this shift in emphasis from military to economic assistance by voting down the pending amendment, which would reduce the figure.

The Development Loan Fund was increased for another purpose. Aside from the fact that this item is justified on its own merits, it was increased to show that we would like to have a trend from grants to loans in this program. So many times here before the House the Committee on Foreign Affairs has been urged to shift from grants to loans. Now we are attempting to make such a shift. We hope you will sustain us in this shift. If we are ever going to get away from foreign aid by grants and shift to loans, we are going to have to give increased attention to the Development Loan Fund.

I urge, and the committee urges, that you now sustain us in the third item which indicates these shifts.

Mr. MERROW. Mr. Chairman, I rise in opposition to the pending amendment. (Mr. MERROW asked and was given permission to revise and extend his remarks.)

Mr. MERROW. Mr. Chairman, I rise in opposition to the amendment. We must keep in mind that one of the major postwar phenomena is the determination

of people all over the world to improve their standards of living. There is much we can do to give this urge direction and meaning and even turn it to our advantage.

In adopting legislation to set up the Development Loan Fund are these words, "The progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such peoples if they are to succeed in these efforts."

THE ECONOMIC FRONT

We are engaged in a worldwide struggle with international communism and therefore the necessity of passing measures for the defense of our own country and for the defense of the free world. In my remarks during the general debate on this bill we are now considering, I termed it "the second defense measure" to be acted upon by this House in the past few weeks. We are now discussing a most important section of the present defense measure which has to do with the economic development of various countries.

I am glad that we always approve practically unanimously the appropriations for the Defense Department. Military strength and preparedness are absolutely essential in preserving our freedom and the freedom of our allies, but I do not hesitate to say that in the long run the struggle in which we are now engaged will probably be resolved on the economic front. Therefore, the necessity of the Development Loan Fund.

For a long time, I have been of the opinion that we should provide at least a billion dollars a year to carry on the work of this Fund. I am pleased that the committee this year increased the Executive request by \$100 million and I hope that the House will sustain the action of the committee.

THE DRAPER COMMITTEE

May I call attention to the words from the report of the Draper Committee, appointed by the President to study U.S. military assistance. The Committee made a significant observation on the role of economic help in the following statement:

The fostering of economic growth throughout the free world presents a real challenge to the American people. Here is a positive goal which is consistent without long-term economic interests and at the same time provides an opportunity to further the free political development of other nations. This opportunity calls for a cooperative effort by the United States and other nations which can generate export capital. There is need for both public and private financing, and for multilateral and unilateral programs, with increasing emphasis on loans rather than grant aid.

The Committee further emphasized:

The proposed economic assistance program for fiscal year 1960 is the minimum needed. Material reductions in the total might well restrict the United States to a disproportionately military approach, and thus make the Communist economic offensive more effective. In fact, a level of lending for eco-

economic development under the mutual security program at a rate of at least \$1 billion a year will probably be needed for fiscal year 1961.

WHY THE DEVELOPMENT LOAN FUND SHOULD NOT BE CUT

The Foreign Affairs Committee added \$100 million to the Executive request of \$700 million for the Development Loan Fund. The committee added these additional funds because:

First. The committee wished to increase the emphasis on economic aid and these extra funds reflect the change in emphasis.

Second. The Development Loan Fund is a relatively new departure in foreign aid. It is based on loans instead of grants and it places Development Loan Fund assistance on a businesslike basis.

Third. The Development Loan Fund has done an outstanding job in assisting the less-developed countries.

Fourth. There is a need for increased help to the less-developed areas. The friendship of these areas is important to the United States and anything we can do to help them achieve economic development is in our own interest.

Fifth. If we do not assist these less-developed areas, there is a danger that the Russians may step into the breach, bringing with them possibilities of subversion and disruption.

Sixth. As of June 12, 1959, the Development Loan Fund had made commitments of \$765.5 million. The Fund's total availability to date is \$850 million. Consequently, the present capital of the Fund, capable of being used for new loans, is \$84.5 million. On May 31, 1959, there were loan applications outstanding of \$1,402 million. As of that date, the Fund had rejected \$889.5 million in loan applications.

DEVELOPMENT LOAN FUND NOT TAKING PLACE OF PRIVATE INVESTMENT

The Development Loan Fund, it should be stressed, is not taking the place of private investment. To the degree it is successful private investment will be successful. At the present time private investment cannot do the task alone. Investors understandably feel that the risks in less-developed countries outweigh the gains. As economic development moves forward and political stability develops, private investment will find opportunities in those areas as attractive as they now find them in Canada and Western Europe.

Perhaps our people have become so accustomed to hearing about ill-conceived economic ventures abroad that they overlook the business-like approach of the Development Loan Fund in discharging its responsibilities. The Fund acts only on specific development proposals which have been carefully screened to determine whether technically and economically they contribute to the productive growth of the country in which particular projects are located. Loans are made only on the basis of firm commitments by the borrower to repay and upon a finding that there are reasonable prospects for repayment.

The Development Loan Fund by law is something of a bank of last resort. Each financial transaction requires that

certain determinations be made before a loan is advanced: Specifically, first, whether financing could be obtained in whole or in part from other free world sources; second, the economic and technical soundness of the activity to be financed; third, whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacity; and fourth, the possible adverse effects upon the economy of the United States with special reference to areas of substantial labor surplus.

The people who live in the less-developed areas are determined to achieve dignity, self-respect, and economic development. If we assist them, we will help ensure their friendship and understanding in future years. Furthermore, the United States has traditionally believed that less-fortunate people should be assisted. If we fail to help them, there is a real danger that instability and chaos in these areas will result and that the Russians will capitalize on this instability and chaos.

Mr. MATTHEWS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, there are three main philosophies concerning the mutual security program. There is the philosophy embraced by those who are enthusiastic supporters of the program. There is the philosophy embraced by those who are enthusiastic adversaries of the program. There is the philosophy embraced by those who, like I, are reluctant supporters of the mutual security program.

Now, one reason I am a reluctant supporter of the program is because so many of my people are not for the mutual security program. I try to talk with them and plead with them to understand the reason I have voted for this program, and I hope with all my heart that they do understand it.

Mrs. CHURCH. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The chair will count. [After counting.] One hundred and six Members are present, a quorum.

Mr. MATTHEWS. Mr. Chairman, I just said that I am a reluctant supporter of the mutual security program, and one reason I am is because so many of my people are opposed to it.

Now, I find it difficult to explain to them, for example, why in the mutual security program we do not have adequate methods of accounting that we should have. I cannot explain, as I would like to explain, why we have different rules for the economic justification of rivers and harbors projects than we have in this country, and there are many other similar defects in this program, Mr. Chairman, that I cannot explain to my whole satisfaction to the wonderful people that I represent. But, I always come to the conclusion that this is the foreign policy of the United States of America, and even if it be a patched foreign policy, it is better than no policy at all. So, I suggest that if we do not have this policy, what particular policy can we have? I have said to my people that this is a gamble, but according to the best convictions that I have it is

more of a gamble with money and less of a gamble with the precious blood of American youth.

Having said that I am a reluctant supporter of this program, Mr. Chairman, I reserve the right to vote for every amendment that will cut this authorization down to a more economical level. We talk about shifts from this to that. Yet we still have too much money in the program. We can have all the money we need without shifting to the right or shifting to the left, by voting for the amendment that the gentleman from Alabama [Mr. SELDEN] has offered. What did the gentleman tell us yesterday? He said that in this Development Loan Fund we have already appropriated, as I recall, about \$850 million. As I recall, the committee wants to give \$800 million in this bill, \$100 million more than the President of the United States requested. And, Mr. Chairman, his requests have not been minimum requests. According to the gentleman from Alabama [Mr. SELDEN] if the sum of \$800 million is approved as the committee recommended we would have \$884,500,000 in this Development Loan Fund or enough to process 60 percent of the \$1,400 million in applications that are pending. That would be a far more liberal record than we are able to have with the Small Business Administration of this country that processes loans, and they are hard money loans for the little businessmen of America.

Mr. Chairman, let me remind you of this, that these loans that we make from this Development Loan Fund, no matter how optimistic we are about them, at the very least are what we call soft loans.

Mr. Chairman, I want to say to the new Members who are here that 3 years ago we were told that if we did not authorize every dime that was requested in the mutual security program we would be faced with peril; we would be faced with destruction. Well, we did not authorize \$1 billion that was asked; \$1 billion was refused. We found at the end of that fiscal year that we had one-half billion dollars remaining in the fund despite \$1 billion we refused. In other words, we appropriated \$1 billion less than was actually asked, and despite all efforts to spend the money there was a surplus at the end of the fiscal year of one-half billion dollars.

Mr. Chairman, I think that the amendment of the gentleman from Alabama [Mr. SELDEN] is reasonable. It cuts this appropriation down. It gives us all the shift we need on the economic aspects of this program.

Mr. Chairman, I hope the gentleman's amendment will be approved.

Mr. BOWLES. Mr. Chairman, I rise in vigorous opposition to the amendment. In the general debate, I suggested that the future of our country will depend upon our capacity in the coming years to accomplish two objectives.

We must create a military barrier so powerful that the Communist nations will not be tempted into overt aggression. The military assistance program and the defense support program which

are part of this mutual security bill are critically important elements in this effort.

Yet it is folly for us to assume that a military barrier, in itself, will assure our future as a powerful and prosperous Nation. The world we live in will be increasingly shaped and ultimately decided by what happens behind our defense barrier.

We Americans are now spending something over \$45 billion every year on foreign policy programs connected in one way or another with the cold war.

Ninety-six percent of this sum goes to build our absolutely essential military defenses.

Only 2 percent of this expenditure goes into direct development loans and grants, designed to help build the conditions on which to create the gradually increased living standard within a framework of freedom which represents our best hope for peace.

Even if we add our imaginative new use of food surpluses through the Public Law 480 program, the total of our positive effort will be less than 4 percent of the total.

Let me repeat: 96 percent of our entire effort is going to build the military barrier against Communist overt aggression; while only 4 percent is going to create the conditions behind the barrier which will give the non-Communist people of the underdeveloped world a future worth fighting for and if necessary dying for.

Many observers assert that in the last few years the Communists have gained ground while our position has slipped. If so, it must be said that their gains have not come through military aggression, but through their skill in playing on the political forces which are now creating such revolutionary ferment throughout Asia, Africa, and Latin America.

Our own military strength and that of our allies is absolutely essential to our national security.

Yet communism may ultimately come to the Middle East, south Asia, and to other parts of the world—not because our military strength is inadequate to keep out the Soviet armored divisions, but because the people in their poverty and frustration may be moved in their desperation to accept Communist political and economic leadership.

Let me discuss for a moment one single but important example.

All over Asia and indeed throughout the underdeveloped world, the principal topic of conversation is the economic and political contest between democratic India and Communist China.

These two great nations with more than one-third of the world's population between them, are tackling their economic problems in dramatically different ways.

Through totalitarian methods, including the use of savagely heavy taxes and the denial of all improvements in living conditions, the Chinese Communists have been able to save 25 percent of the annual output of the Chinese people to use as capital for future industrial growth.

Further to strengthen her efforts, Communist China has the full economic support of the Soviet Union.

As a democracy, India is competing under the most difficult circumstances. Although her tax system is by all odds the highest of any non-Communist country in the underdeveloped areas, her annual savings are much less than one-half that of China.

If India were to tax her people still heavier or to postpone any improvement in the Indian living standards, the result would certainly be a political explosion.

Yet if India fails to meet its minimum economic goals, the political situation there will become grave, and as other non-Communist countries, discouraged by India's failure, lose heart, the prospects for democracy from Casablanca to Tokyo will become dim indeed.

Mr. Chairman, India is only a single example of why we must have an adequate Development Loan Fund. This program represents the very heart of our positive efforts to help improve the prospects for freedom, not only in Asia but in Africa and Latin America.

Therefore I urge the defeat of this amendment.

Mr. Chairman, I now turn to a different but still related subject.

It is important, I believe, that we avoid the impression that the criticism which has recently been directed at certain aspects of our mutual security program in Laos reflects in any way on the present Laotian Government.

This small, strategically placed country with its long common frontier with Communist China and Communist North Vietnam, is now showing extraordinary courage in both its internal and external affairs.

The Government of Phoui Sananikone, which was formed last August, has eliminated Communists from the Cabinet, completed a major monetary reform, and launched broad reforms to eliminate the corruption which had plagued its predecessors.

The decision to introduce the long postponed monetary reform in October 1958 was an act of particular political courage.

Some people had profited handsomely from the old exchange rate and the import licensing system. Others recalled with resentment and suspicion the abrupt but ineffective devaluation which the French had effected in 1953. Others felt that a question of their country's sovereignty and independence was involved. Still others had honestly concluded that devaluation would be economically unsound.

It was against this background that the earlier Laotian leadership had become convinced that devaluation was politically unacceptable.

After the Communist show of strength in the May 4, 1958, elections, the present Prime Minister made up his mind that monetary reform was necessary. Once his Government accepted this necessity, it proceeded to push a monetary reform measure through the National Assembly in the face of strong opposition.

The success of monetary reform to date has vindicated this courageous decision. It should prevent further abuse in the commercial import program. It should insure the most effective use of all foreign aid. It should provide a stable currency as a basis for the national economy.

The present leadership of Laos is composed of men who have not hesitated to identify themselves ideologically with the democracies.

Their country has a population of only 2 million and an army of only 25,000, directly adjacent to the two leading Communist military powers in the Far East.

Communist North Vietnam, with a population of 14 million has a regular army of some 280,000. Communist China, with a population of some 650 million has an army of 4 million.

These two nations have applied tremendous propaganda pressure to Laos in an attempt to intimidate its people and its Government and thereby prevent it from taking strong measures against internal subversion.

But when an intensive propaganda barrage was launched against it, accompanied by actual violations of its frontiers, the new Laotian Government responded boldly by asking for and receiving extraordinary powers from its freely elected National Assembly.

Laos has declined to accept aid offers from the Communist bloc or to establish diplomatic relations with members of the bloc. Despite its peculiarly vulnerable geographic location, it has declined to recognize the Communist regime in mainland China.

In the face of intensive Communist subversive pressure and propaganda threats, it has rejected the temptation to abandon democratic procedures. It is constantly taking steps to improve the effectiveness of its governmental administration, while retaining its constitutional Government based on universal suffrage.

In short, this small new country confronted by problems and dangers almost overwhelming in their complexity, is making a determined effort to unite all the democratic elements of its population so that they may maintain their independence under the most difficult circumstances.

The brave efforts and the sacrifices which the people and the leaders of Laos have made since 1954, but most particularly in the past year under its new Government show them to be deserving of America's continued support and confidence. I believe that it is important that the record of these debates leave no room for doubt on this question.

Mr. PILCHER. Mr. Chairman, I move to strike out the last word and rise in support of the amendment.

Mr. Chairman, this \$100 million reduction leaves it the same as the President authorized. They talk about this development loan fund being a banking proposition or loan. This group of people have the right to lend money to any

country or any corporation or any individual. By the same token they have the right the next week to cancel it. That makes it in one sense of the word a straight out grant. We are going to have a chance to vote on these cuts for years to come, according to a letter that the members of the Committee on Foreign Affairs received this morning from Under Secretary of State Douglas Dillon—and I quote:

The UNDER SECRETARY OF STATE,
Washington, June 17, 1959.

The Honorable JOHN L. PILCHER,
House of Representatives,
Washington, D.C.

DEAR MR. PILCHER: Last week I used the occasion of a speech at Harvard to spell out my deep personal conviction that our mutual security program will involve a persistent effort over a period of at least 20 or 30 years, if we are to succeed in our efforts to help the newly developing nations achieve economic growth as members of the free world. I am enclosing a copy in the belief that you might find it of interest.

Sincerely,

DOUGLAS DILLON.

Mr. FARBSTEIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Georgia [Mr. PILCHER] just quoted from a letter of the Acting Secretary of State for the purpose of having this amendment voted in. I would like to quote from Mr. Dillon for the purpose of having the amendment voted down. It is not too long so I think I can read part of the statement that he made. He said:

The Marshall plan is now history. To it, we most certainly owe the present strength and possibly even the continued existence of the free world.

And he goes on and says:

The attainment of this goal is essential to our survival. We cannot hope to maintain our way of life surrounded by a sea of misery. The less privileged peoples are reaching out for economic growth with almost desperate determination. We must help them find the way in peace and freedom.

How does the loan development plan come into this method of determining assistance? Some underdeveloped country will come to the World Bank and make a request for a loan, or come to the Export-Import Bank and make a request for a loan. Inasmuch as the World Bank only lends money that can be paid back in the same currency that is lent, there is refusal to lend unless the credit of the country which desires to borrow money is good; that it can repay the loan in that currency. These are hard money loans. The same is true with regard to the Export-Import Bank. Their loans are hard money loans. However, often a country will come to the Export-Import Bank or to the World Bank and request a loan. A portion of the loan will be granted by the World Bank but the World Bank feels that the country should get the balance of the requested loan; however, inasmuch as theirs is a hard money policy they send them to the Development Loan Fund for the balance. As a matter of fact very often the World Bank will suggest that the balance of the loan be made from the Development Loan Fund. This

is appropriate because the loan cannot be repaid in hard money.

The purpose of these loans is to help these underdeveloped countries build up so that at some future time they will be in a position where they will be able to return in hard money that which they borrow.

Yesterday we talked about defense support. Instead of defense support being a straight giveaway there was the arrangement, that 90 percent of the money represented by defense support would be equally controlled by this Government and by the Government that got the grant.

Under the Development Loan Fund where a loan is made, the recipient country will return the money it borrows, it is true, in soft currency, or the currency of the country that borrows the money. However, we control the soft currency received in payment of a Development Loan Fund, in the defense support. It is owned by the recipient country. This money if I may use the word frequently used in racetrack parlance, we can then parlay, or use in a triangular arrangement. We can take the soft money we receive in payment of a loan, and lend that money we received from A country and turn it over to X country and with it they can buy things they need for their maintenance and sustenance from this other country. Thereby this money, even though it is repaid in soft currencies, can be used by several countries and it will not cost us anything. The amendment should be defeated.

The CHAIRMAN. The time of the gentleman from New York has expired.

(Mr. FARBSTEIN asked and was given permission to revise and extend his remarks.)

Mrs. BOLTON. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I merely want to put into the record at this point some figures I think we should all be very clear about.

As of June 12, 1959, the Development Loan Fund had made commitments of \$765.5 millions.

The fund's total availability today is \$850 million.

The present capital capable of being used for new loans is \$84.5 million.

On May 31, 1959, just recently, there were loan applications outstanding of \$1,402,000,000. As of that date the Bank had rejected \$889.5 millions in applications.

Even so they would not be large enough to meet those which would pass the inspection of the committee.

Mr. Chairman, I yield back the remainder of my time.

Mr. TABER. Mr. Chairman, I rise in support of the pending amendment.

Mr. Chairman, as soon as we get through voting on this bill, it will be up to us to take up another bill to increase the borrowing power of the United States of America. That is a situation that I hate to see happen.

How are we going to be able to remain economically sound if we do not use some judgment in what we do with the money that is involved?

This amendment proposes to reduce the appropriation by \$100 million; that

is, from \$800 million to \$700 million, which was the amount the administration asked for.

Frankly, I cannot be a party to loading up my Government with more money than is needed for any activity—it makes no difference to me what the thing is—unless we balance our budget and get the Government of the United States in a position where it is right side up. Economically we are going to be unsound ourselves otherwise. Britain, France, West Germany, Belgium, and Holland are balancing their budgets. We are not.

Is it not about time for us to wake up and meet our responsibilities face to face, instead of running wild and increasing the burden on our people way beyond what those who are involved in asking for this money feel is necessary?

Frankly, I can see no way out for us unless we begin to trim our sails and get to the point where we can take care of the things that we need to have taken care of. I know it is a nice thing to be able to give away money, and that is just what this is. It makes the fellow who gives it away feel bighearted and big, but if we do not use our commonsense and our intelligence in approaching this problem, it is too bad.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Louisiana.

Mr. PASSMAN. We were told only day before yesterday by those justifying this item that an agreement had been reached with the administration—the Budget Bureau—and the \$700 million was the amount needed, the amount for which they were planning and the amount with which they would be satisfied.

Mr. TABER. That is correct. We were told that. There is no reason in the world why we should go beyond the budget estimate on this item.

Mr. Chairman, I hope that the amendment will be adopted and that the bill will be put back into some kind of an honest condition.

Mr. MORRIS of Oklahoma. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. MORRIS of Oklahoma asked and was given permission to revise and extend his remarks.)

Mr. MORRIS of Oklahoma. Mr. Chairman, I am leaning very strongly in favor of the pending amendment, although I am going to reserve my final judgment until it becomes necessary for me to vote one way or the other. I think I shall support this amendment, however.

I voted against several amendments yesterday because I thought they were unreasonable and unsound. Of course I am against the whole bill and have always been against this program since I have been a Member of the Congress. I think it is bad in principle.

Let me ask you this very salient question—at least I think it is salient and pungent. Recently a great man died, a very great American, John Foster Dulles. He was praised by practically everyone, Democrats, Republicans, and Independents. Yes; he was a great man. Evidently he did a good job in carrying

on our foreign relations as Secretary of State or he would not have been so universally praised. We in this great and beloved Nation of ours know what our Constitution provides, and we as Americans practice the way of life, of liberty, and justice. That is known all over the world. We have been a good nation, we have been good to people, thus we should be generally respected and beloved. But now let me ask you the question: Why should we be as we now are disliked so thoroughly by people all over the world? What is the cause of it? I am not talking about the Communists. Of course they dislike us. I am talking about people of the free nations of the world. Why should we be so disliked by people in South America, in Europe, and in Asia, unless it is because of this program? I think this program is the thing that has caused that feeling more than any other one thing. If it has caused that feeling and is causing it, do you not think it is about time we stop, look, and listen, and change our ways? I do not know of anything else that has caused all this ill will toward America except this program. As I, in speaking of Mr. Dulles have indicated, evidently this ill will toward us has not been brought about by the State Department.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. MORRIS of Oklahoma. I yield to the gentleman from Florida.

Mr. SIKES. I want to try to help my distinguished friend make up his mind, and I respect him very much for the statement that he is making. But, I would like to point out that we have had quite a bit of experience in Congress in regard to appropriating money that the administration has not requested. It has been our experience that if you appropriate more money than the budget request, it simply is not spent. I think it would be better to support the amendment and leave out the money not included in the budget estimate.

Mr. MORRIS of Oklahoma. I think I shall agree with the gentleman, and I think he made a very fine contribution, but I will reserve my final judgment for a few moments.

Now, coming back to the proposition, I think we have done more harm in the world by this particular program than anything else that we have ever done. I do not believe anybody in the world has a more compassionate heart for starving people than I have. If I had my way about it, and if I were able personally, and if we were able as a Nation, I would want to send food to anyone who is hungry; or, for that matter, clothing to those who need it. I want to help them. I am not impugning the motives of anyone supporting this bill, because I know you are acting in good faith. I know you think it is a good bill and, God bless you, I will admit that maybe it is; maybe you are right and I am wrong. But, I just believe very firmly and sincerely that we are doing more harm than good by this particular program, this whole package bill that we are being offered to vote on.

Now, we just recently experienced the proposition of turning down the conference report on the wheat bill. I do not know what is going to happen. But, we do know that we have millions of bushels of wheat stored up. We have a large surplus. It does seem to me that we could get our heads together and figure out some reasonable and logical way of sending wheat and other food-stuffs and clothing to these poor people who are so badly in need of it, and thus help them and bring about a different and better psychological feeling toward us throughout the world also.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. MORRIS of Oklahoma. I yield to the gentleman from Illinois.

Mr. MASON. We sent wheat to India, many millions of bushels, but the starving people of India got not one grain of it. We sent it to the government and the government sold it to those who had the money to buy it, and the poor starving fellows got nothing.

Mr. MORRIS of Oklahoma. I thank the gentleman for his contributions, and that is exactly the point that I was trying to make. We are sending this money to certain politicians and heads of governments and unfortunately the poor people are not receiving it as they are entitled to and as intended they should.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was surprised to hear the gentleman from New York [Mr. FARBERSTEIN] say that this Development Loan Fund is for the purpose of building up the free world. I would call his attention to two loans totaling some \$27.5 million made to Yugoslavia. I wonder if any Member contends that Yugoslavia is a free nation.

I should like to ask some member of the subcommittee about one of the scores of so-called loans on this list. Here is one for \$5 million to the Israel Industrial Institution, Ltd. This loan is made, apparently, to a private outfit in Israel. Now, I would like to ask what agreement we have with the Israeli Government for the repayment of this loan. Just how is this handled?

Let me add this: Evidently this Israel Industrial Institution, Ltd., can turn around and reloan the money. Now, my questions are these: Why do we loan to this private corporation in Israel? What interest rate do we get from this corporation, and what interest rate do they charge to the people to whom they reloan the money?

Mr. COFFIN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Maine.

Mr. COFFIN. I would say, first of all, that this borrower that the gentleman has named in Israel is a loan company or a development company similar to those that we have in several other countries, for instance, the Philippines and Taiwan, for the purpose of making small loans to small business people. In other words, it does not make sense for the Development Loan Fund itself to make loans less than \$50,000 or \$100,000 directly, so we use a certain amount

of money in these countries and funnel it out through these agencies. The gentleman from Oklahoma said that this money was not getting to the small fellow. Well, this is a funnel for carrying the loan fund to the small fellow.

Mr. GROSS. Now tell me how much interest is charged.

Mr. JUDD. 5 percent.

Mr. COFFIN. I believe it is 5 percent.

Mr. JUDD. Repayable in 10 years, at 5 percent interest.

Mr. GROSS. Repayable in what?

Mr. JUDD. In Israeli pounds.

Mr. GROSS. In What?

Mr. JUDD. In Israeli pounds. That is the currency of Israel.

Mr. GROSS. Now, what interest rate does the loan company charge the people to whom they loan the money?

Mr. JUDD. I do not have the details on that, but it is used in their own country and for their own people and would be at the going rate, or less, in the country. The purpose is to get more capital into the country to make possible badly needed economic development.

Mr. GROSS. I want to know what interest rate the loan company gets for the money when they reloan it. We could be making some enemies, could we not, by this financial sleight of hand? Is that not right?

Mr. JUDD. No; I think not.

Mr. GROSS. Why not? Suppose they loan the money at a rate of 10 or 20 percent. Then what?

Mr. COFFIN. Mr. Chairman, if the gentleman will yield further, when we make this loan we have a firm loan agreement with this corporation, and we provide adequate safeguards against that and, I might say to the gentleman, also in case of default of any of these provisions.

Mr. GROSS. Let me ask this question. What are we going to do with Israeli pounds if ever we get them?

Mr. COFFIN. The Israeli pound is by no means a shaky currency.

Mr. GROSS. I did not say anything about its being shaky or unshaky. I asked what are we going to do with them if ever we get them in return for the American dollars we have dishied out?

Mr. COFFIN. They will be of use either within Israel or outside of Israel, wherever this currency can be used.

Mr. GROSS. So this currency could be used to build a factory in some other country, as I believe the gentleman from Connecticut suggested, to produce more products to be shipped back into this country to create more unemployment and more abandoned factories in Connecticut and in some other States; is that not correct?

Mr. COFFIN. No, I would say in this case that there has been no instance where it has resulted in that.

Mr. GROSS. There has been a lot of unemployment in Connecticut, is that not correct? And this Development Loan Fund provides for the building of factories in other countries, does it not?

Mr. COFFIN. Not if you read the criteria for the loan. They cannot make a loan unless the administration satisfies itself that there will be no adverse impact on our own industries.

Mr. GROSS. Of course, we are supposed to have protection under the tariff laws to protect American industry and labor. There are the peril point and escape clauses. But the gentleman very well knows what happens and how the President nullifies decisions of the Tariff Commission when it invokes the escape clause or peril point. It just does not work, and the gentleman knows it. And neither will this alleged protection work.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Louisiana.

Mr. PASSMAN. Mr. Chairman, I have a high regard for the distinguished chairman of the Foreign Affairs Committee and for the members who serve with him. But we have been mistakenly referring to this as a loan program.

I think it should be clearly understood that, in reality, it is normally not a loan because of the provision for the use of local currency. If, for example, we make a so-called loan to country X of \$1 billion, and country X pays back in local currency, we cannot spend that currency in any other country. We cannot even spend that local currency in country X for something to take out of the country. So, actually, it amounts to a revolving fund for the recipient country. If there is evidence to disprove the accuracy of the statement which I have made, I would certainly like to be confronted with it.

Mr. GROSS. Mr. Chairman, I agree with my friend from Louisiana. I only wish the proposed cut was for the entire \$300 million.

Mr. COFFIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise not so much to exhort you to do anything on this amendment other than you want to do, but I think it is important that when you do vote you have a clear understanding as to what this loan fund is.

The gentleman from Louisiana [Mr. PASSMAN], the very effective chairman of the Subcommittee on Appropriations made the point that the local currencies accumulating in various countries are not freely available to be spent elsewhere; and this, at the present time, is perfectly true. But this does not destroy for a moment the effectiveness of this instrument to carry out our foreign policy. The gentleman from Oklahoma [Mr. MORRIS] when he was talking and, as usual, very effectively, about the results of so much of our program, how it has not gotten through to the little people, how it has caused people to dislike us, was choosing I think perhaps the most inappropriate time in the discussion of this entire bill to make that point, because this loan program is the most effective thing in terms of personal relationship. Why? Because when a country or a foreign company makes an application to the loan fund, they are not doing it as beggars, they are not asking for handouts, but they do it in the context of a banking transaction. There are standards that have to be enforced and complied with. Then there is a loan agreement that is a very detailed, hard-written document, and in respect to that

document I would say this, because the statement has been made on the floor earlier that we can cancel the agreement and convert this into a grant. This is not so. Moreover, when a default occurs in payment, under our loan agreements, the total amount of the loan is not only immediately payable, but payable in U.S. dollars.

Mr. MORRIS of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman.

Mr. MORRIS of Oklahoma. I somewhat agree with the gentleman that my remarks were not made at the most appropriate time, as part of the reading of the bill. But under the rules of the House we have to speak when we can get recognition. That is why I spoke when I did and also why I suggested that I was not certain whether I would vote against this particular amendment because, if the bill does pass—although I am against the whole bill—I do want to see us write as good a bill as we can. That is why I made that reservation. I am following the gentleman. I probably will wind up by voting for this amendment. But I am listening to the gentleman.

Mr. COFFIN. I thank the gentleman.

Mr. FARBSTAIN. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. FARBSTAIN. As a member of the committee, I would like to be straightened out on the triangular phase of the loan. In other words, can we under the law use the moneys, that we receive from a country to which we make a loan where by agreement it is determined we have that right to lend that soft currency to another country? Is there anything in the law to prevent an agreement between this country and the recipient country to use the funds that we receive in payment of a loan from lending those funds to another country for the purpose of buying merchandise from the first country?

Mr. COFFIN. As far as the law itself is concerned, it would still be subject to the general standards that govern any loan under the development loan fund. The same standards would prevail.

Mr. FARBSTAIN. Is there anything in the law that would prevent the triangular use of those funds?

Mr. COFFIN. Not in the law.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. PASSMAN. Is it not a statement of fact that for the type of loans consummated, without exception unless for a definite dollar loan, when we receive the local currencies we cannot purchase anything in that country to be removed out of the country against those local currencies, and that neither can we use local currency of a country for the purchase of anything in another country to be moved to the United States.

Mr. COFFIN. But, as the gentleman knows, we are talking about the repayments under the program.

Mr. PASSMAN. I am talking about the contracts which are now in effect and loans that are now consummated.

Mr. COFFIN. As the gentleman knows, these repayments will be part of the revolving fund subject to the same purposes for which the loan fund is set up.

Mr. PASSMAN. The funds are spent in the country in which we receive the local currency.

Mr. COFFIN. I am not aware of any such restriction.

Mr. PASSMAN. I can state categorically that there are such restrictions, and our subcommittee has been so informed.

Mr. COFFIN. I know of no such prohibitions under the law and charter that we have enacted. I understand, however, that the individual loan agreements restrict the use of such currencies.

Mr. PASSMAN. It is provided under the contracts into which we have entered.

Mrs. CHURCH. Mr. Chairman, I rise in support of the amendment.

(Mrs. CHURCH asked and was given permission to revise and extend her remarks.)

Mrs. CHURCH. Mr. Chairman, I deem this to be a proper point in the discussion to bring the attention of the committee back to the fact that we are not at this time, except incidentally, debating the actual merits or the demerits of the Development Loan Fund. I personally, although a stern critic of the present mutual security program, have felt that as regards the Development Loan Fund there was certainly a reasonable expectation of success, a departure from the awarding of grants, a new approach. That should be given every bit of full testing. The only issue to be settled in the next few minutes is whether or not we mean to put into any part of the program \$100 million more than the administration asked for—\$100 million more than any need has been demonstrated for; \$100 million more, for which the chief argument raised has been that such action would further indicate the desire of the committee and of the Congress to remove the emphasis from military aid further toward economic assistance.

Mr. Chairman, if by the action of the committee in cutting the military assistance program by 10 percent; if by the action of the committee in its report freely expressing its change of intention; if by words spoken on the floor, that intent has not been made sufficiently evident, without paying \$100 million more to make it clear, then no words can speak for themselves. I listened carefully yesterday and I know the gentleman was correct in saying that Mr. Dillon in a later expression did go further than his original \$700 million. However, I know of no officer of any administration who, when suggestion is made to him that he may be given more money than he has indicated he needs, would not say that the additional would be welcome. But I take the liberty of reading the words on page 201 of the hearings in which I questioned Mr. Dillon concerning the need for the \$700 million requested. The committee will remember that that was the day when the supplemental appropriation bill was

to be under discussion. There was some question as to how much money would be given to the Development Loan Fund in the second deficiency appropriation. I asked Mr. Dillon whether he needed \$700 million more for 1959, no matter how much authorization might be remaining after the afternoon appropriation; or whether if some previous authorization remained, it could be considered as partially meeting the new request for \$700 million for 1959. This was Mr. Dillon's answer, as carried on page 201 of the hearings:

Mr. DILLON. I think what we really need, Mrs. Church, is authorization for the appropriation of \$700 million in the next fiscal year. Whether that can in some fashion be combined with the existing authorizations, if that could be done that would be perfectly satisfactory because what we need is the ability to obtain \$700 million next year. Not more than \$700 million.

Now, Mr. Chairman, it seems to me that there is something wistfully appropriate about the gentleman from New York [Mr. TABER] whose long service in this House has been spent in trying to save money for the Government of the United States, coming down and making his plea to us, the day before we are to be asked to increase the debt limit. There is major significance in his reminder to us that here is \$100 million dollars that we can save.

I would like particularly to address the Members on my own side of the aisle. I have been one of those who has been urged constantly not to go beyond the President's budget, in an effort to end deficit spending. I have, in fact, received thousands of clippings and letters urging me to support that budget. If this extra \$100 million is not needed, if we can get adequately through the next year without it, I certainly am not going to make this the occasion to go beyond the amount the President has asked for.

Mr. Chairman, I yield back the balance of my time.

Mr. MORGAN. Mr. Chairman, I rise to see if we can come to some understanding as to time on this amendment.

I ask unanimous consent that all debate on this amendment close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Chair has noted the names of the gentlemen standing, and will divide the time equally among them. It will come out to about 1¾ minutes each.

The Chair recognizes the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Chairman, the air is full of presidential trial balloons sent up by potential candidates of both parties, and senatorial candidates for President are so busy cultivating the voters that they are neglecting their legislative duties and responsibilities.

In order to clear the air of these trial balloons on the Republican side, I propose a team composed of Nixon and Rockefeller, a winning team that would sweep the Nation in 1960.

Dick Nixon for President and Rockefeller for Vice President would unite

conservative Republicans and modern Republicans; would combine experience with glamour; would join the West and East; and would tie together the two most populous States of the Nation. It would be an unbeatable combination.

Dick Nixon is the best qualified candidate for President this Nation has had in the past 50 years; qualified by both training and experience. He has had to pinch hit for President Eisenhower on many occasions, representing the President in the field of international affairs, always with dignity and honor, reflecting credit upon himself and the Nation.

Mr. Rockefeller is a glamorous young man, a real vote-getting prodigy. He will make an excellent candidate for Vice President. Mr. Rockefeller needs time to mature, to get experience, and to become seasoned in statesmanship. Four or eight years as Vice President would prepare him to assume the leadership responsibilities that go with the office of President.

Nixon and Rockefeller harnessed together would win the political battle that is in the offing for 1960, and, in my opinion, would determine things for a decade to come.

(Mr. MASON asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WINSTEAD].

[Mr. WINSTEAD addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. CURTIS].

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise in opposition to the pending amendment and in support of the position taken by your committee.

Mr. Chairman, I take this opportunity to say something which I should have said sooner in this debate; that is, to pay tribute to our chairman for his fairness, his ability, and his devotion to duty. He has been a model for all of us on the committee to follow.

It has been suggested that we should follow the recommendation of the administration rather than the recommendation of your committee. I am loyal, sir, to that committee. It has done fine work on this bill. To appraise that fairly you have to look at its action as a whole. There were various cuts or deductions made down the line, but those were somewhat balanced by an increase at this point. When I say I am supporting the committee rather than the administration, I must confess I do not think the administration will object.

What have we done in increasing the provision for the Development Loan Fund and decreasing certain other items? We are moving in the direction of economic rather than military aid. We are moving in the direction of loans rather than grants. Those are the two objectives that have been widely advocated by students of the program and by the public.

I urge the defeat of the pending amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VANIK.]

Mr. VANIK. Mr. Chairman, I take this time to ask some member of the committee why currencies accumulated in repayment of loans through the Fund are not made available and sold to American tourists who travel in these foreign countries? Why shouldn't these contracts provide for the availability of these foreign currencies here in America so that when tourists go to these foreign countries they may use these foreign currencies? As it stands, the program is not a loan, but a grant, because we cannot use the foreign currency as it accumulates in loan repayment.

Mr. COFFIN. The tremendous bulk of our foreign currencies result from the Public Law 80.

Mr. VANIK. This Loan Fund is going to create a reservoir of added foreign currencies, is it not?

Mr. COFFIN. Not a large proportion to what has already been accumulated. The gentleman has suggested a program which would, in my opinion, require legislation to make them available.

Mr. VANIK. The gentleman does not answer the question. Why should we not provide by contract that at least a portion of these foreign currencies be made available to American tourists who are traveling in all of these countries every day spending a tremendous amount of American dollars?

Mr. COFFIN. We hope the Loan Fund will maintain its integrity, and we want it to do so.

Mr. VANIK. The sale of these foreign currencies to tourists would guarantee the integrity of the Loan Fund.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. TOLLEFSON].

(Mr. TOLLEFSON asked and was given permission to revise and extend his remarks.)

Mr. TOLLEFSON. Mr. Chairman, I rise in support of the amendment to reduce the Development Loan Fund from \$800 million to \$700 million which is the amount requested by the President in his budget message. I can see no good reason for placing more money in the Fund than the President thinks is necessary. There is nothing in the hearings or in this debate, so far as I can see, to justify this increase in the budget request. Here is a good place to save \$100 million.

Before voting on this amendment it might be well to give consideration to the minority views as expressed in the report accompanying this bill.

It is pointed out that our national debt of approximately \$286 billion exceeds the national debts of all the other nations of the free world, plus those of Russia and the Soviet bloc, by about \$50 million. The dollar is now worth 48 cents in terms of its value in 1939. Once the strongest and most sought after currency in the world, it is now selling at a discount in some countries. The Treasury Department is experiencing considerable difficulty in selling its bonds.

The report also points to the outflow of our gold. In 1958 the United States lost \$2.3 billion of gold. Since the first

of this year an additional \$346 million of U.S. gold has moved to the accounts of foreign holders. More will be lost throughout this year and during 1960, according to financial experts.

Some \$20.3 billion is still held by the United States. However, it is not all strictly held by the United States. It must be able to redeem \$16.6 billion in foreign time deposits in U.S. banks, foreign held U.S. Government securities, and similar claims. This Nation could find itself in a severe financial squeeze if the foreign claimants demanded to be paid off in gold at once.

The loss of gold has resulted from the fact that as a nation we are buying more from abroad, and giving away more through foreign aid and military expenditures abroad, than we are selling. It is true that our normal exports exceed our imports, but when you add foreign aid and military expenditures to our purchases, there is an unfavorable trade balance.

Growing competition from Germany, Japan, and other countries has been a factor in causing this unfavorable trade balance. Foreign products can in many instances undersell ours not only in foreign markets but in U.S. markets as well. As a consequence many American manufacturers are building factories abroad. Their products are sold in world markets and in domestic markets in competition with those manufactured here. American jobs have been affected. Since the end of World War II American businessmen have invested \$27 billion outside this country. It is estimated that altogether some \$40 billions are so invested.

The question which many Americans now have is simply whether or not we can continue our present course. Will we further weaken our currency and our competitive position in the world? It would be advisable for Congress to give this matter most serious consideration.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, I speak in support of the amendment offered by the gentleman from Alabama. And let me remind the Committee that this amendment means an extra hundred million dollars beyond the budgetary provision, to be placed at the disposal of the President to make loans.

When this Committee refused to strike section 202, it forever removed the possibility of any of this money coming back into the Treasury of the United States. It is a direct drain on the Treasury. These moneys become counterpart moneys and can be used for anything they want to use them for.

I am telling you now that unless there is some way to return these funds to the Treasury, I am going to vote against this legislation. I voted against a loan to the British Government in 1946, and I made the statement on the floor of the House at that time it would never be repaid. They have not paid a cent on the principal. There is now a moratorium on interest payments. If England ever gets ready to resume payments on that loan, the money under this section you refused to take out will become

a part of counterpart funds, both principal and interest will never come back into the Treasury of the United States.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, I would like to ask a few questions, if I can get an answer, and I speak more or less on behalf of the newcomers who for the first time have been exposed to this complex foreign aid spending.

Do I understand correctly that when funds are loaned to a foreign country under this Development Loan Fund we do not exercise complete control as to when they are returned to us or how they can be returned.

Mr. COFFIN. First, 20 percent of the payments are made in dollars. There is no problem there. The 80 percent that is paid in rupees, or whatever it may be, can only be used ordinarily in the country that creates that currency.

Mr. DERWINSKI. In other words, when we lend a number of dollars to India and some repayment is commenced we will then continue to revolve this Fund in India?

Mr. JUDD. Yes, funds from repayment of loans can be used as loans for other projects as they are developed and qualify. We establish a revolving fund.

Mr. DERWINSKI. Suppose we solve all of the problems in any given country, would they then release these funds to us so that we can lend that money in other backward areas?

Mr. JUDD. The funds are ours and there is nothing in the law to prevent our using them wherever we decide to use them. Normally of course, they can be used and reused most advantageously in the country in whose currency they are and whose development we are hoping to further.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, the gentleman who has just spoken hit the nail on the head when he said that this was his first exposure to the complexities of the foreign situation as it affects our U.S. people. Our Foreign Affairs Committee has heard hundreds of witnesses over the years, administration officials of both parties, and private interests, also our U.S. ambassadors and heads of our U.S. military establishments. Let me tell the House that the problems are complex.

The House Committee on Foreign Affairs made a policy recommendation that we cut down on the military emphasis in the U.S. foreign aid program this year and move toward the emphasis toward economic assistance and special types of assistance in the economic field to underdeveloped countries. That is a good policy move. We disagreed with the present administration, so, of course, the administration is not saying this. Further, the House Foreign Affairs Committee voted that we want to move to the basis of loans and to move away from the policy of giveaways in the U.S. foreign aid programs. The House Foreign Affairs Committee decided to give \$100 million more to the Development Loan

Fund. That Fund has been run well under one of our finest Pennsylvania businessmen, its first Director, Mr. Dempster McIntosh. Everybody will tell you Dempster McIntosh has done a fine job, a topflight job. He was many years a prominent official with RCA International. As a businessman, he has been our U.S. Ambassador to Uruguay, also our U.S. Ambassador to Venezuela, and is now the newly appointed U.S. Ambassador to Colombia. This is a place where the program has been really well run on a business basis. I hope that the Members on both sides will give the Foreign Affairs Committee the chance to change these foreign aid programs to loan programs and away from the giveaway programs. We want U.S. foreign aid policy to emphasize the economic basis of repayment and not place too extreme emphasis on military assistance and economic giveaway programs upon which there is no repayment provided and the items are given as straight grants-in-aid or gifts.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. FARBSTEIN].

Mr. FARBSTEIN. Mr. Chairman, I would just like to clarify one thought that was left in relation to the request of Mr. Dillon when he appeared before the committee in connection with the sum of money that was to be incorporated in the Development Loan Fund. In the course of this testimony this is what he said:

I testified before regarding that, but I would just like to reinforce what I said at that time, and point out the fact that we feel that this \$700 million is an absolute minimum.

The Development Loan Fund, after dwindling out loans that have either been found unacceptable or found of interest to other lending agencies, still has on hand approximately \$1.5 billion worth of requests from 44 different countries. There is every reason to believe that we will continue to receive new requests during the coming year in substantial amounts.

In other words, the administration requested \$700 million, because they did not feel that the committee would go for any sum greater than that for the Development Loan Fund. But, the committee in its discretion, as has been mentioned here by two of the gentlemen on the committee, determined that they would rather reduce the amount of grant aid and convert a portion of that to the Development Loan Fund so that that money could be loaned rather than given away outright.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, with respect to the President's request for the Development Loan Fund, the administration 2 years ago asked for a capitalization of \$2 billion in 3 years. It has received \$850 million in 2 years. The Fund wanted more than \$700 million additional capital this year but the Bureau of the Budget cut down its request to \$700 million because the administration felt it could not come to the Congress and ask for more than \$4 billion for the whole bill, in the light of all the other demands on our budget. When,

however, the majority of the House committee cut military assistance and other provisions in the bill by \$367 million, the committee added \$100 million to the Development Loan Fund, making the total for the bill still \$267 million less than the President requested. So there is no question but that the Fund needs and can use this larger amount.

This is the first and fundamental question for us to decide: Is it better to give aid as grants or as loans? And are foreign loans bad loans as charged by some? Look at the record of repayment. For the benefit of the gentleman from West Virginia, Britain has paid back more than \$300 million on the loan of which he spoke, \$50 million in principal in 1958 alone. Since 1946 the United States has extended loans and credits to foreign governments amounting to \$14 billion, and the countries to which they have been extended have repaid of the principal more than \$5 billion, more than 36 percent of the total borrowed; and in interest and commissions, some \$2 billion more. We have received in principal and interest in 13 years more than half of the total amount loaned.

Now, should we make loans on a yearly appropriation basis? Or should we have a government corporation like DLF with adequate capital so it can study the projects longer and more carefully and the repaid loans can be used over again? Surely the latter is better.

Mr. Chairman, it is sounder economically to furnish economic aid as loans on a businesslike basis; it costs our taxpayers less. It is also better psychologically and better for our international relations to do it this way.

The CHAIRMAN. The chair recognizes the gentleman from Pennsylvania [Mr. MORGAN].

Mr. MORGAN. Mr. Chairman, last year the committee raised the technical assistance funds by \$8 million, and we received nothing but praise from both the Members of the House and the administration. Now, the committee has tried to move in the direction of more economic aid, and to give less emphasis to military assistance, now, if you ever want to get out of this business of economic grants in connection with the foreign aid program, we are going to have to expand the development loan program. These are good loans. These are businesslike loans and there is some evidence that some day we will be repaid. I agree with the statement made by the gentleman from Pennsylvania [Mr. FULTON], that in committee we reduced this bill by a total of \$366 million with the feeling that if we added \$100 million to the Development Loan Fund we would be emphasizing the economic phase of this program.

Mr. Chairman, I ask for the defeat of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. SELDEN].

Mr. MORGAN. Mr. Chairman, on that I request tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. SELDEN and Mr. MORGAN.

The Committee divided, and the tellers reported that there were—ayes 164, noes 86.

So the amendment was agreed to.

Mr. DENT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DENT: On page 5, immediately below line 21, insert the following:

"(4) Immediately before the last sentence, insert the following: 'No loan may be made by the fund for the construction, alteration, expansion, or improvement of any production facility or facilities which will engage in the manufacture of articles which will be imported into the United States and sold in the United States in competition with articles manufactured in the United States.'"

Mr. DENT. Mr. Chairman, I have purposely refrained from engaging in any of the debates up to this moment except in one instance where I thought the language of the bill was doing something that even the proponents did not want to be done.

However, at this moment I come before you on a matter that does not deal with the philosophy of foreign aid; it does not deal with the amounts of money to be expended or appropriated or loaned or given away, but I come before you to speak on a matter which deals with a fundamental principle that already has had and will have in the future an even greater effect upon our American economics than any other single issue before the people of this nation today. I have said on a few occasions on this floor that there are two kinds of war ever since the beginning of time. When man invented the first wheel and started to employ someone to push it for him, there has been one kind of war—economic war. And since man first started to look greedily at some property that another man had, there has been the other kind of war—military war. We see embodied in the philosophy behind this legislation the outcroppings and the growths of both these philosophies—war for economic gain and war for strength and material gain.

Mr. Chairman and Members, you will note on page 5 of the committee print of the bill that the committee has for the first time in the 11-year history of this aid recognized the thing that I am putting my finger on—the question of economic warfare between nations. It says in part:

The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people—

Then, if you will look right above that, because that is old language, you will find a new part and they add in section 202, in clause (4), subsection (1) this language, after the provisos that have already been in the bill for years, taking into consideration certain requirements in order to make a loan, they add this language—

and to the net position of the United States in its balance of trade with the rest of the world.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. DENT. I do not like to but I suppose it is a courtesy. I yield.

Mr. BENTLEY. I do not want to take any credit away from the gentleman for having introduced this amendment, but I remind him that I introduced an amendment to the bill last year practically identical with the one the gentleman is offering now. I will not announce to the gentleman what the vote was on that amendment because I do not want to see the gentleman prematurely discouraged, but I am very much in support of his amendment.

Mr. DENT. I welcome the gentleman's support. I believe this, that we are not deciding the question of compassion between peoples and compassion between nations. I say that every man in this room would mount the bulwarks of this country to fight off a military invasion; and it has become just as important to all of us in this room today, and we represent the peoples of our district, to mount the bulwarks in an economic invasion.

Right now, today, as the steelworkers sit down in controversy and in debate over living conditions with the employers of this country, the very first and foremost argument made by the employers is based upon this situation that has been caused to a large extent by the lack of this amendment in this legislation; and I will quote for you from the steelworkers' periodical sent out the first week of the steel negotiations.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. DENT. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

Mr. MASON. Mr. Chairman, I reluctantly, very reluctantly, object.

Mr. COFFIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as the gentleman from Michigan pointed out, we had practically the same amendment before us last year. Last year we wrote into the Development Loan Fund the fourth criterion, that before any loan is made we shall take into account the possible adverse impact on the economy of this country. Every loan made has to be subjected to that provision.

I have probably spent as much time as any man in this Chamber on studying the operations of the Loan Fund. I have gone over every single loan which they have made and have seen instances such as a proposed loan for a citrus fruit company which was turned down because of this fourth criterion.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman.

Mr. DENT. If the gentleman is saying that the Fund operates without the necessity of this amendment, then why do we not spell it out in the law?

Mr. COFFIN. I will tell you why we do not need it. It is a harmful thing.

We are administering the Development Loan Fund now so that we help these companies and countries which are

underdeveloped; the Fund helps serve these countries in a manner which has no substantial impact on our trade—since adequate markets already exist within these underdeveloped countries for the new products. That is the meaning of being underdeveloped—inadequate productive capacity, inadequate distribution, and inadequate consumption.

If we are to adopt such an amendment, Mr. Chairman, I suggest that we go whole hog and say we shall make no loan which will help any country to export to any other country, because we are always fighting and competing in the markets of the world. You might just as well say, therefore, Mr. Chairman, that we shall not make any loan which will be effective.

We have another provision in this law, Mr. Chairman, and that is the study provision, section 413c. I would like to call the attention of the gentleman from Pennsylvania to this Blue Book which I hold in my hand. This is a study to be made every year, a survey of the impact of the operations of the mutual security program on the U.S. economy. This is the first volume and results from an amendment that we put into the bill last year.

A study of this volume shows that the Loan Fund is in no way responsible for unemployment due to foreign competition.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. GROSS. Will not the gentleman admit that there is quite a little bit of difference between building a factory in this country with our own money, and on the other hand building a factory in a foreign country with our money to compete with our American factory?

Mr. COFFIN. Yes, but that does not happen under Development Loan Fund operations and it is not likely to happen.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the chairman of the committee.

Mr. MORGAN. Is it not a fact that we have had representatives of the United Steelworkers before our committee and they endorsed the bill?

Mr. COFFIN. Enthusiastically.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. DENT. I do not come here representing the United Steelworkers as a separate group, I am representing all the people of Pennsylvania and all the United States of America. They are against building factories that take away their jobs. If you say the Blue Book shows they do not do it, you do not have the same copy I have. I will take page and verse and read to you the very instances where jobs have been taken away from American workmen, and it is listed in the Blue Book.

Mr. COFFIN. There are no loans, in the first place, for that. This program is so new that no factories have been erected. There has been no occasion where an influx of imports has resulted from the operation of the Development Loan Fund.

Mr. DENT. Is this the first appropriation by these United States for assistance to other countries for economic development, or is it just a change in name?

Mr. COFFIN. The loan fund is a substantially different approach to this problem from that which we have ever had before. It is based on ordinary banking transactions of borrowing and lending, and subject to standards, such as the avoidance of adverse impact on our economy, which we have written into the law.

Mr. WIER. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Minnesota.

Mr. WIER. Mr. Chairman, as I understand the amendment offered by the gentleman from Pennsylvania, it has to do with contracts and the letting of those contracts to foreign firms, particularly in England dealing with a tremendously large contract for so-called power equipment?

Mr. COFFIN. May I correct the gentleman. That is not covered by the amendment, and I refer to purchases under TVA contracts of electrical equipment. They are in no way related to the Development Loan Fund.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer a preferential motion. The Clerk read as follows:

Mr. HOFFMAN of Michigan moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, we have now reached the stage where we are taking the money of our taxpayers, sending it abroad, building factories, hiring workers, sending over know-how individuals to make things which are sent back here for us to buy, forgetting that we have used our funds to set them up in business, make them competitors. We have sent billions over there. Now we are getting the result—competition in our own markets with loss of jobs here—unemployment and, if the overall result is not the height of ridiculousness, I do not know what is.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield to the gentleman from Pennsylvania to fill in the details on that proposition for his union has advocated foreign aid.

Mr. DENT. I think there has been gross misrepresentation here. American money has been sent abroad to provide facilities abroad, the products of which have been routed to the U.S. domestic market. They say that is not true, but it is, because the facts are proven by a history of the products moving in.

If you will just bear with me 1 minute, I would like to take you on a hypothetical trip. I will not go into detail, and I have discussed that with Members here. There is not time to go into detail. Let me say that no man in this room is more compassionate of the needs of the peoples of undeveloped countries than I am. I have paid my taxes, like millions of

other Americans, in the hope that what we gave them assisted in uplifting their way of life. I refuse now and will forever refuse to contribute out of my taxes or ask anybody else to contribute out of their taxes to destroy our American way of life. If you do not think that is a reason for adopting my amendment, then I say you do not know the record as it now stands.

Here is the situation: We find ourselves in the position where there is a manufacturer in a certain locality making rubber balloons. All of a sudden we decide that a certain undeveloped country is the proper place, has the proper equipment, and the proper atmosphere to make rubber balloons. You make them a loan under a contract and they build a factory. This American investor buys in that same factory. You are asking in later legislation for concessions to that American investor. He shuts his plant down in this country and under the same trade name ships his products into these United States and you and I have to pay taxes in order to keep up the unemployed persons.

Here is the very first crack in the line to prove that the standards of living in other countries are now going to be the No. 1 argument at the bargaining table of American labor and American industry. I have had a strike in progress in my home community involving a man who assembles lighting fixtures. He has stated he cannot and will not bargain. He is moving from the community in the very near future because he cannot and will not increase wages or meet any of the demands of his workers because foreign competition has put him in the position where he cannot meet them.

Mr. HOFFMAN of Michigan. Just a minute. That is not the only industry in which our people have lost jobs. There are dozens of them all over the country. I have two of them in my own district. What I cannot figure out is why you unionists have been advocating this foreign aid proposition for so long, supporting the program so consistently.

Mr. DENT. I think that unionists, like all other Americans, have a certain amount of regard for all of the peoples of the earth. They did not hesitate when called upon to pay their share toward making this a better place in which to live. In so doing they did not expect that they would use these very tools of charity, in a sense, or decency, in a second sense, or Christian impulse, in a third sense, to destroy the very means from which they got and received the money which they spend to help their neighbors.

Mr. HOFFMAN of Michigan. We are mighty grateful you are seeing the light. Now, if, on the Labor Committee, you will help write legislation that will protect all of us—then kick out the extortionists—we will be on our way.

Mr. FARBSTEN. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, I will only take about a minute to discuss some of the points raised by the gentleman from Pennsylvania, trying to convince us that we are

creating a Frankenstein, that we are creating an organization which will disrupt industry in this country. I read from page 27 of the report, which says:

Loan commitments as of April 30, 1959. Major countries. These are the countries to which we have made loans under the Development Loan Fund.

India, \$175 million; Pakistan, \$72.2 million; Philippines, \$50 million; Iran, \$47.5 million; Turkey, \$47.5 million; Taiwan, \$39.5 million; Yugoslavia, \$27.5 million; Argentina, \$24.8 million; Spain, \$22.6 million; Thailand, \$21.8 million. All other countries, \$169.5 million.

Most of them, if not practically all of them, are underdeveloped countries. If the gentleman has any fears about competition arising from any of these countries, let them be laid at rest.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. DENT. Mr. Chairman, I rise to a question of personal privilege.

The CHAIRMAN. The gentleman cannot do that at this time under the rules of the House.

Mr. DENT. Well, can I not rise to defend myself against the charges of being a hard, coldblooded isolationist? I think we better put some bill of rights in this House.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Michigan [Mr. HOFFMAN].

The motion was rejected.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GROSS and Mr. BENTLEY objected.

Mr. MORGAN. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 15 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, the amendment offered by the gentleman from Pennsylvania, or one similar to it, is absolutely necessary in the consideration of this legislation if we are going to leave language in the bill that you find on page 13, paragraph (c). Listen to this:

Foreign currencies received in repayment of principal and payment of interest on any such loan may be sold by the Secretary of the Treasury to the U.S. Government agencies for payment of their obligations abroad.

That is going to permit the TVA—and you will recall the bitter fight we had here some weeks ago on the TVA legislation—to continue to make purchases abroad. They will borrow at a reduced rate, supposedly from the Secretary of the Treasury, these counterpart moneys to pay for these purchases that they are making abroad. If for no other reason this language ought to come out of this bill or the gentleman's amendment should be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. BENTLEY].

Mr. BENTLEY. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Pennsylvania [Mr. DENT] to discuss a matter of personal privilege.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. HAYS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Chair has recognized the gentleman from Michigan [Mr. BENTLEY].

The CHAIRMAN. The time of the gentleman from Michigan [Mr. BENTLEY] has expired. The Chair recognizes the gentleman from Pennsylvania [Mr. DENT].

Mr. DENT. Mr. Chairman, I want to say in closing that I did not have an opportunity to go through this bill as I wanted to because of a lack of time, and pick out section by section places where admission has been made by the committee itself that this amendment is needed, is required. The provision must be spelled out so that the whole world may understand. If there is no such thing as American money going into foreign competitive enterprises out of the taxpayers' pockets in this country, then this amendment can do no harm. If there is such money being spent by this Government then the taxpayers ought to be advised of it.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The Chair recognizes the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I ask unanimous consent that the amendment be read again, in my time.

The CHAIRMAN. Without objection, the Clerk will rereport the amendment.

The Clerk read as follows:

Amendment offered by Mr. DENT: On page 5, immediately below line 21, insert the following:

"(4) Immediately before the last sentence, insert the following: 'No loan may be made by the Fund for the construction, alteration, expansion, or improvement of any production facility or facilities which will engage in the manufacture of articles which will be imported into the United States and sold in the United States in competition with articles manufactured in the United States.'"

Mr. GROSS. Mr. Chairman, I support the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. STRATTON].

(Mr. PERKINS and Mr. WILLIAMS asked and were given permission to yield their time to Mr. STRATTON.)

(Mr. STRATTON asked and was given permission to revise and extend his remarks.)

Mr. STRATTON. Mr. Chairman, I rise in support of the amendment. I intend to support this bill, H.R. 7500, because I am convinced that it is vital to our national security and a necessary weapon in the world fight against communism. The committee report expresses the point in this way: "If military aid were terminated it would re-

quire the organization of a new defense structure. The magnitude of the re-planning, reorganizing, and reequipping made necessary by such a fundamental change would take several years to accomplish and add billions to our defense expenditures. Obviously this would result in a heavier tax burden and increase the drafting of young men. During this reorganization and rebuilding, and possibly thereafter, our military potential would be weakened."

During the hearings on this legislation the Secretary of Defense, Mr. Neil H. McElroy, testified as follows:

Speaking as one primarily concerned with making certain that our defense is strong enough to meet whatever tests it may face, I strongly urge support of a program which contributes so much to our own national security at so moderate a cost, and which joins the forces of the free world in an effective military alliance committed to the preservation of the peace.

The Chairman of the Joint Chiefs of Staff, Gen. Nathan F. Twining, also testified to the committee:

The military assistance program furnishes vital support upon which the effectiveness of our military alliance depends. I have already pointed out that I consider these alliances to be essential to our own national security * * * if a substantial part of the free world falls or slips behind the Iron Curtain, our chances of being able to defend ourselves must dim in proportion. The gauntlet is on the table along with the blue chips. The stakes were never higher than they are today. Any limitations or reductions in the program would virtually eliminate all modernization and force improvement needed to accomplish the military assistance program forced objectives.

In view of this testimony, as a member of the House Armed Services Committee who is vitally interested in the defense of our Nation, it seems clear that this bill must be adopted. President Eisenhower himself has repeatedly stressed its importance to our position of world leadership in the fight against communism.

But, Mr. Speaker, in voting for this legislation, I am deeply apprehensive that the funds which are being made available here may continue to be used abroad in such a way as to contribute to our own economic decline and to put American businesses and American workers out of their jobs.

The members of this committee are already familiar with the way in which America's balance of trade has been falling off and foreign imports have been affording stiffer and stiffer competition to American businesses, American working men and women, and American standards of industrial decency. I am afraid that, unless we guard carefully against it, some of the funds appropriated in this bill may be used to promote foreign industrial know-how and foreign plant construction and production at low rates of pay and under lesser standards of protection to working men and women, with the end result of destroying the jobs and livelihood of American industrial workers.

For example, Japan, which is included in this aid program, is vital to our military position. If Japan falls into the Communist orbit in the Far East the dis-

aster will be far greater even than the loss of China. It is absolutely essential that Japan remain free and remain an ally of ours. At the same time, as the representative of a district where gloves and carpets are manufactured and where these traditional American industries provide a substantial livelihood for American workers, I know the serious threat which Japanese imports in these fields constitute, and the degree to which Japanese imports have taken away American jobs and in some cases have even brought about the collapse of American businesses. How can we possibly ask an American taxpayer to contribute out of his own income to a program which will take away his own job and livelihood?

The United Kingdom is also included in this bill for assistance under this program, and yet within recent months lower bids by English turbine manufacturers have taken away the jobs of trained electrical workers in my district in Schenectady, and, in line with a recent ruling by the Office of Civil and Defense Mobilization, threaten to take even more of these jobs away in the future. How can I ask a resident of Schenectady to pay taxes to finance a program which may end up by putting him on the unemployment rolls?

Other industries like automobiles and steel will, I predict, soon be facing these same tough and embarrassing questions. Someday there will have to be a time of reckoning. Someday we will have to face up to the question of whether we can afford to give away our own jobs and businesses to help our friends abroad. It is not an easy question to answer.

Just yesterday, Mr. Chairman, the Army awarded to the General Electric Co. in my district a contract for some \$5 million for the construction of turbines for the Barkley Dam in Kentucky. Within a half hour after I received that good information from the Department of the Army, they called me back and said: "We are sorry; we have to rescind that information. The English Electric Export & Trading Co., another bidder, has protested the award of this contract to General Electric and they are taking the whole matter to the Comptroller General." In other words, Mr. Chairman, not only are foreign firms getting an increasing percent of U.S. Government business but they are now even protesting the occasional award of some of this business by our own Government to our own American firms with the prospect of more jobs for unemployed workers in our own communities. My good friend, the gentleman from New York [Mr. FARBERSTEIN] read, a moment ago, a list of countries receiving help from the Development Loan Fund. He referred to the Philippines. I wonder if the gentleman is aware that the Philippines are gradually taking the glove business away from the State of New York, a business which is carried on in the cities of Gloversville and Johnstown, as everyone knows in my congressional district. I wonder if the gentleman is also aware that the carpet business is gradually moving to Japan and that people in Amsterdam in the great State of New York,

in my district, are also out of work and are on relief in great numbers today, because the carpet business is going abroad, perhaps with the aid of funds which our taxpayers are being asked to contribute through this bill.

Mr. Chairman, I think this is a serious matter. Personally, I hope we can find some solution to the dilemma which confronts us here in dealing with these matters. But I do not believe we will ever find any solution until there is a clearer recognition of some of the dangerous results which a foreign assistance program can promote, and until there is more imaginative administration of this program with a view toward preventing these results. Just as we need military allies abroad who are economically strong and militarily well trained, we also have an obligation to our own citizens to keep their jobs intact here in this country and to see that in implementing the requirements of our foreign and our military policy we are not at the same time creating dangerous and tragic portents of unemployment at home.

If this bill is to become law, I believe it certainly ought to include provisions to insure that those administering this program recognize that the welfare of American businesses and employees is no less important and no less essential than the welfare and security of those of other lands. I believe that the amendment offered by the gentleman from Pennsylvania will help to insure this result, and I urge its adoption.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, I rise in support of the amendment. If I did not have some very deep convictions about this legislation, I would be totally frustrated. I heard on both the last amendment and on this one before us that the purpose of this Development Loan Fund is to assist underdeveloped free nations. I would like to know if anyone here who knows anything at all about what is going on in Yugoslavia today can tell me of any way in the world that these funds could help to develop a free nation in the case of that Communist country.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman and members of the committee, this is getting to be the most enjoyable day of my life. It takes me back to the days of William McKinley. It takes me way back to the protective tariff. Let me see. Yesterday we celebrated the 187th anniversary of the battle of Bunker Hill. You know we were not hiring people in those days to fight our battles for us. We fought our own battles. But getting back to McKinley, I am happy that the gentleman from Pennsylvania [Mr. DENT] and the gentleman from West Virginia [Mr. BAILEY]—Democrats through and through—are talking about and voting for protection. Of course it is only for

protection for their people not for it as a policy. That is what we used to talk about—do you remember? Taking care of our own wives and our own families instead of fussing around buying things for strawberry blondes. Taking care of our own country. But here we are seeing that very hopeful sign of a few members realizing that the best policy is to protect our own country—not bankrupt it by wasteful spending which gets us nowhere—and tomorrow we raise the national debt limit—where today it is greater than that of all other nations. Taking care of their own people. Let me congratulate the two gentlemen—a little late—but it is a wonderful thing to see even one go down the sawdust trail.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, I rise not to express an opinion at this time either for or against the amendment but to object to the cutoff of debate which prevents us from fully discussing this most important subject. I am sure all the Members are aware of numerous American firms who are losing foreign markets as the result of economic development in nations abroad. At the same time, other American firms are subject to vigorous competition in our domestic market from foreign firms whose plants and production facilities have been rapidly expanded oftentimes with our aid. I sincerely believe that in future years this question of foreign competition; the historic argument concerning tariffs and trade barriers, and the question of whether or not our funds are being diverted to compete with American industry will be a constant issue. Obviously, unemployment in specific areas in our country can even at this moment be traced to the decline of a local plant due to foreign competition. I certainly hope that in the very near future attention will be given this important matter.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. Mr. Chairman, as I understand the amendment, if anything useful is to be produced which may compete with anything produced in the United States, the loan should be denied. Now that means that only useless things could be fostered with this money if this amendment were to prevail. I think that is an absurd position. Actually, as I understand the philosophy of communism, it breeds on the cesspools left by capitalism.

One of my friends puts it simply by saying that you cannot do business with paupers. If we can build up the strength of these countries so that they can resist not only communism but become better markets for the things that we do produce, I have no fear. I happen to be one of those who still believes in competition. I am sorry to see so many of my distinguished colleagues on both sides of the aisle prepared to abandon competition the moment it has to cross the national boundary line. I am not afraid of competition. Competition is what made this country great.

The same kind of argument has been used to oppose every new development. It is the same kind of argument that was raised to oppose the development of every new section of our country. I am not afraid of competition. I am not afraid to see competition from overseas. I cannot forget that I have been sent here to represent the consumers as well, and they benefit from increased production and from competition.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. I will read what Admiral Metzger, Assistant Chief of Transport, Bureau of Supplies and Accounts of the Navy, said this morning about the foreign trade of this country and the necessity of our obtaining for our U.S. economy the necessary national resources and basic materials for our domestic plants and factories.

Our U.S. foreign trade is not a matter of dollars. It is a matter of survival. We nations of the free world within our borders are have-not nations so far as natural resources are concerned.

The average person cannot visualize the vast amount and tremendous quantities moving in world trade on land, on sea, and in the air.

That means that we people in the United States are a have-not nation on our basic resources; we have to import many basic materials such as iron ore in order to keep employment going here in the United States. We need a good international trade; we need a good balanced trade that will bring these resources to us so our workmen can work on them.

The U.S. Chamber of Commerce placed itself on record as favoring this legislation and almost within the exact dollar amount of the total authorization that has been recommended by the House Foreign Affairs Committee. I include excerpts from their statement that outlines their position on the Development Loan Fund. This is the statement given by the Honorable William S. Culbertson, a distinguished son of Pennsylvania, from Westmoreland County:

In reviewing this matter last January 1959 the chamber's board of directors stated:

"Before additional obligational authority is approved for the Development Loan Fund, however, assurance should be had that knowledgeable and competent personnel will continue to administer the Fund; that full and effective coordination with other governmental agencies and private lending organizations will be endorsed; that the stated objective of fostering the role of private capital investment and enterprise be strictly adhered to; and in view of the unusual nature of these loans, that consideration in each instance will be given as to the effect of the proposed project on the American economy."

4. Programs of economic and technical assistance should be designed to provide realistic benefits to the United States as well as to the recipient countries.

We believe that these programs should assume neither the aspect of a welfare project nor that of an attempt to outbid the dubious offers of the Soviet Union. In order to add to the overall strength of the free world, their prime purpose would be to help the recipient nations in their efforts to attain economic and political stability.

Because the funds that the United States can dedicate to economic assistance are

necessarily limited, the end-objectives of these programs should be to assist countries so that they themselves, by their own remedial actions, can reduce or eliminate the causes which create the need for outside assistance.

The amount of capital that can be productively invested in any given time in the less-developed countries also is limited. Ill-advised or precipitous forcing of industrialization of areas where conditions are not conducive to constructive and effective absorption of development capital should be avoided. To obtain optimum development in the less-developed nations, encouragement should be given to private enterprise, rather than to Government projects.

I would say that if we are debating issues of tariffs they should be in a tariff bill brought to the floor by the Ways and Means Committee after study and careful study. We should not put U.S. tariff questions into a mutual security and foreign aid bill for underdeveloped countries. There is a place and a time for tariff legislation and there is a place for foreign aid legislation. We would have to give further serious study on such a broad policy recommended by the gentleman, without regular committee action and hearings.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. GALLAGHER].

(By unanimous consent, Mr. GALLAGHER yielded his time to Mr. COFFIN.)

The CHAIRMAN. The gentleman from Maine [Mr. COFFIN] is recognized for 2 minutes.

Mr. COFFIN. Mr. Chairman, I do not want to discuss further the merits of the amendment. I want to bring out the mechanics of the amendment. I cannot see how this can be worked without creating a huge inspection force. How would you know when you made a loan for factories that the articles they make would not be imported into the United States unless you had somebody to follow that commodity when it leaves the factory, when it goes to the broker, when it goes through the brokers to the hands of the exporter, when it comes to this country, and when it goes through the importer's hands? How could you do that without devoting by far the lion's share of the administration money to an inspection service, money that should be used to administer the program? I do not know.

If for no other reason this is an adequate reason why the amendment should be defeated.

The amendment is the expression of a very understandable wish, but this is not legislation that is capable of being implemented, as a matter of hard, practical fact.

I urge as strongly as I can that the amendment be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I do not believe this amendment is necessary or sound. I cannot believe that the U.S. economy and industry are so fragile that we can continue to exist only by holding back the industrial and economic development of other countries. I do not believe it is sound from

either an economic or a political standpoint to put ourselves in the position of refusing to help develop the backward countries where these loans go, just because something they may produce for themselves or their area may conceivably get back to the United States when the same product is made or sold.

Actually, history shows that our greatest amount of trade consistently is with the most industrialized countries, beginning with Canada and Great Britain.

Even if we were to pass this amendment while it would retard the development of the affected countries, it would not stop it, because there are other places to which these people can and, if necessary, will turn for assistance in getting the machinery and materials and technical services they need for their development and for improving their living standards. In the meantime their frustration will undoubtedly weaken our influence with them and to that degree our security and the strength and unity of the free world. The amendment should be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN] to close the debate.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I certainly am in sympathy with the gentleman from Pennsylvania [Mr. DENT], because my district is next to his. Unemployment conditions in my district are even worse than they are in his.

I call the attention of the gentleman to the fact that protection is already written in the bill in sections 202(b) and 413. That, I think, will give him the protection he is after.

I ask for the defeat of this amendment.

(Mr. PUCINSKI asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. PUCINSKI addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. DENT].

Mr. DENT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the chairman appointed as tellers Mr. MORGAN and Mr. DENT.

The committee divided, and the tellers reported that there were—ayes 79, noes 170.

So the amendment was rejected.

The Clerk read as follows:

TECHNICAL COOPERATION

SEC. 204. Title III of chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "\$150,000,000" and "1959" and substitute "\$179,500,000" and "1960", respectively.

(b) Amend section 306, which relates to multilateral technical cooperation and related programs, as follows:

(1) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance and related fund, strike out "\$20,000,000" and

"1959" and substitute "\$30,000,000" and "1960," respectively.

(2) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1959" and substitute "1960".

(c) In section 308, which relates to the International Development Advisory Board, insert "or officers" after "officer" in the first sentence and strike out "to administer this title" in that sentence.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gross: On page 6, strike out all of lines 22 through 25 and insert in lieu thereof the following: "(c) Section 308 is hereby repealed."

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, this amendment would strike out the International Development Advisory Board, one of the many unnecessary boards, bureaus, and commissions in government.

Let me give you a little history of this International Development Advisory Board. On August 3, 1957, Eric Johnston resigned as Chairman of the Board. I do not know when this thing began, but it does not seem to have performed any useful function prior to that. But, on August 3, 1957, Eric Johnston resigned, Eric Johnston being the \$150,000-a-year lobbyist for the movie industry and the man who comes to Congress representing the export segment of the movie industry. On August 28, 1958, more than a year later—mind you, more than a year later—an interim appointment was made of a gentleman by the name of Harry A. Bullis, chairman of the board of General Mills. Between August 1957, and August 1958, this outfit appears to have been completely inoperative except for one individual by the name of William C. Schmeisser, Jr., who was the Executive Director under Eric Johnston. Then Schmeisser resigned on January 12, 1958, to go over to the White House. Whose payroll he was on then I do not know, but he went over to the White House to help stage the extravaganza that Eric Johnston organized in Washington in February 1958, to do a propaganda job for the foreign giveaway program last year and extension of the so-called Reciprocal Trade Act. On August 31, 1958, 3 days after Bullis, the chairman of the board of General Mills, was appointed interim Chairman of the International Development Advisory Board, this same Schmeisser went back on the payroll of the International Development Advisory Board. Apparently Schmeisser flits around with the greatest of ease from one project to the other, wherever he is needed to do a propaganda job on the country and on the Congress.

I asked the State Department the other day for a report or reports from this Development Advisory Board since the resignation of Mr. Johnston, and there is nothing available, nothing to show for the thousands of dollars that have been appropriated to this outfit.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Wisconsin.

Mr. LAIRD. This is the same amendment that was adopted last year by the House of Representatives on the mutual security bill offered by the gentleman from California [Mr. LIPSCOMB], is it not?

Mr. GROSS. I do not recall, but if it was offered by the gentleman from Wisconsin I know I supported it.

Mr. LAIRD. Well, the House adopted an amendment which accomplished the same thing last year and which passed the House, and it did the very same thing that the amendment of the gentleman from Iowa does.

Mr. GROSS. My amendment would repeal the provision in law which provides for the establishment of the Board.

Mr. LAIRD. The House conferees gave in to the Senate position, and they restored the language.

Mr. GROSS. At any rate, let us stop this waste of money. We are spending thousands of dollars on a Board that does not function. Let us give it another whirl and try to get it out of here.

This Government has no more need for it than a bullfrog has for feathers.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

The gentleman from Wisconsin is right. The gentleman from California last year offered an amendment on the floor to strike out section 308, and it carried. Of course, section 308 was put back in in conference at the insistence of the executive and the Senate conferees.

Now, last year the Board was inactive, I agree with the gentleman from Iowa, but it was reactivated late last year. It has held two meetings already this year, one in February and one in March. The Board is active. It has been assigned some specific duties under the Under Secretary of State, Mr. Dillon. They are now working on an analysis concerning the utilization of counterpart funds abroad. The Board is headed by some very fine business people, some outstanding business people in the United States. Let me give you their names:

Henry A. Bullis, Chairman, Minnesota, chairman of General Mills, Inc. Chairman requires Senate confirmation.

Allan B. Kline, Illinois, past president, American Farm Bureau.

Mrs. Olive Ann Beech, Kansas, president, Beech Aircraft Industry.

Harvey S. Firestone, Jr., Ohio, chairman, Firestone Tire & Rubber Co.

Edward S. Mason, Massachusetts, professor of economics.

Clark Kerr, California, University of California.

Lloyd A. Mashborn, California, general president, Wood, Wire, and Metal Lathers International Union.

Richard H. Amberg, Missouri, publisher, St. Louis Globe-Democrat.

Peyton Anderson, Georgia, publisher, Macon Telegraph and Macon News.

Leonard B. Jordan, Idaho, former Governor of Idaho.

Lowell T. Coggeshall, Illinois, dean, division of biological sciences, University of Chicago.

Edwin B. Fred, Wisconsin, president emeritus, University of Wisconsin.

Robert W. Purcell, New York, chairman, International Basic Economy Corp.

Mr. GROSS. I have no doubt that it is a blue-ribbon committee. We have all kinds of them around here telling us what we ought to do and lobbying the Congress to put over various enterprises. I have no doubt it is a blue-ribbon committee, but what has it contributed for what has been spent on it by the taxpayers of this country? Understand, this is the taxpayers' money, not our money, that we are spending for this outfit.

Mr. MORGAN. I think the people who make up this Board are among the biggest taxpayers in this country. I am sure they are not out to waste a single dime of the taxpayers' money. I am sure the work that is assigned to them by the executive branch of the Government is work that is going to help the program. It is not going to be a waste of the taxpayers' money.

Mr. GROSS. Mr. Chairman, will the gentleman yield further?

Mr. MORGAN. I yield.

Mr. GROSS. Tell me what this Board has done in the last year and a half.

Mr. MORGAN. I am saying that this is a new Board; it has been reactivated with new membership.

Mr. GROSS. In other words, they have not done anything for the last year or year and a half?

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Minnesota.

Mr. JUDD. Mr. Chairman, the first meeting of the reconstituted Board took place in February or March of this year. I am sure that the gentleman and everybody else in the House wants to have a group of outstanding citizens of our country who have no personal stake in this agency to watch it, to criticize it and make constructive suggestions where indicated, in order to make it more effective, if we are going to have the program at all. This amounts to a cost of less than \$100,000 to study and help improve the program year by year. It would seem to be penny wise and pound foolish to eliminate this Board.

Mr. GROSS. Mr. Chairman, if the gentleman will yield further, what about the Draper Committee that got \$400,000 out of the President's so-called emergency fund? What was the function of that outfit?

Mr. JUDD. That was a study of the military assistance program, because of the demands in Congress and elsewhere that it be reevaluated. This Board is to study the operations of the technical cooperation program and the Development Loan Fund which many people believe are the two best parts of the whole program.

Mr. GROSS. How many more of these do you have roaming around?

Mr. JUDD. No others. The Draper Committee was a temporary committee set up to look into criticisms being made. This Board is authorized in the mutual security legislation. Its sole

purpose is to have an independent group to study and to ride herd on the agencies, if you wish, to try to make the program what it should be.

Mr. GROSS. What is the State Department doing that we have to go out continually and forever establishing new committees and new commissions and special commissions and special committees, and so forth? What is the State Department doing with the personnel that they have?

Mr. MORGAN. The State Department is doing a real good job but this board will bring in fresher views, new views, and can give valuable guidance to the Department of State. They will help find the answers to some of the criticisms that have been made of the program, such as those that have been offered by the gentleman from Iowa [Mr. GROSS].

Mr. Chairman, I ask that the amendment be defeated.

Mr. LIPSCOMB. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I think it would be well if we reviewed our action of last year and what the situation is at the present time.

This board was established in 1950. The Congress of the United States appropriated, up to fiscal year 1958, over \$324,000 for its operation. It is hard at this moment to tell what value this board has been over the past 8 years.

Last year we appropriated around \$49,000 for the operation of this board. As has been stated, the situation last year was this. There was no membership on the board. All of the appointments had expired as of September 1957. There was no staff. The House of Representatives last year adopted a similar amendment that is being offered. The bill went to the other body. They reinserted the section in the bill and in conference the House agreed with the Senate. Therefore we have had this board on the books since then.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. LIPSCOMB. I yield to the gentleman.

Mr. MORGAN. We were assured in conference that the board would be reactivated.

Mr. LIPSCOMB. That is right. The distinguished chairman made the statement to me on the floor during the debate, that this board would be active. But the actual facts are these. The board was not active during this last year. Only on February 3 of this year were the 12 members of the board appointed. Mr. Harry A. Bullis is the chairman of this board. He was formerly chairman of the board of General Mills. He had an interim appointment as of August 28, 1958. The Senate confirmed him on January 28, 1959.

William C. Schmeisser, the Executive Director, resigned on January 12 of 1958. As has been pointed out previously, he went to work for Eric Johnston on the Conference on Foreign Aspects of U.S. National Security. He was reappointed to this Board as Executive Director, on August 31, 1958.

This Board has requested authorization in this bill of \$100,000. That is an increase of \$55,000 over what they had in the past year. They asked for and attempted to justify more travel, more consultants, and more staff.

One of the things that is significant is the appointment of their subcommittees. They have appointed a subcommittee entitled "Public Understanding" and, according to the testimony in the RECORD at page 848 of the hearings, John O. Bell, who is the Special Assistant for Mutual Security Coordination, State Department, when asked what this would mean, said:

We have asked them [the Board] to look at the question of how to get a better understanding of this program in the public mind in the United States, and we have asked them to feel free to provide us with any criticism, opinions, or other ideas they may have.

This is a subcommittee of this Board to study how to propagandize the citizens of the United States. I do not know what justification they have to do this. It does not seem to come within the authorization of this act, in my opinion.

Here we have a Board that is not essential. We have plenty of experts in our Government to do the same job that they are proposing to do. We have distinguished and capable committees of the House of Representatives and of the other body to look into the matters that this Board is proposing to study. Here is an opportunity for the Congress to save \$100,000 and at the same time abolish a nonessential Board.

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise in opposition to the amendment.

It has been said when a person finds himself in darkness, he should light a candle and not curse the darkness. We know of the many objectives and criticisms that have been made of the mutual security program. Here is a provision in the law intended to shed light on some of these objections and criticisms. When you consider the amount of money involved in these programs, I am sure you will agree that money spent to assure that the policy behind them is wise is money well spent.

Let us see what this amendment is. We are asked to strike section 308 from the law. Section 308 of the mutual security act as it appears on page 79 of the committee's report under the Ramseyer rule is as follows:

SEC. 308. INTERNATIONAL DEVELOPMENT ADVISORY BOARD.—There shall be an Advisory Board, referred to in this section as the "Board," which shall advise and consult with the President * * * etc. With respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 413(b).

When section 308 speaks of "this title" it refers to technical cooperation. When it speaks of title II, it refers to the Development Loan Fund. Section 413(b) of the law has to do with emphasizing and encouraging private enterprise to participate in economic development.

Section 308 provides for a Board composed of people representing business, labor, agriculture, public health, and so on. Their advice on policy matters could be of great value. It would be a mistake to eliminate this section. I hope that the amendment will be defeated.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Massachusetts. I am glad to yield to the gentleman from Florida who has spent so much time in studying this program.

Mr. HALEY. Has this Board ever made a report to the Committee on Foreign Affairs of the House of Representatives?

Mr. CURTIS of Massachusetts. I understand the new Board has just been constituted and has not had time to report.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Massachusetts. I yield.

Mr. JUDD. The gentleman from California a few moments ago read one paragraph of the testimony of Mr. Bell. I know that he was pressed for time, and I would like to read the next paragraph in his statement. It was as follows:

They are independent (that is the Board). They do not have to have their findings approved by us (that is the ICA). They provide us with a cross-section of opinion as to how we can improve the administration and activities of this program.

Surely that is just what we want the Board to do.

Mr. CURTIS of Massachusetts. Mr. Chairman, before I yield to the gentleman from California, I would like to ask him whether he does not want to have further light shed on the policy problems that are confronting us in these complicated programs.

Mr. LIPSCOMB. I do not feel that a Board under the same general setup which was so wanting in the past can offer anything to the Congress or be a constructive advisor to the administrators of this program.

It has been asked if this Board had made any reports in the past.

They have made reports in the past; I think they made some 18 reports. One of the reports they issued in the past was entitled "Background Information Relating to the Problem of Unemployed Intellectuals in Countries Receiving U.S. Foreign Aid."

I do not see how you can possibly determine from the past record that this Board has been of much value over the period of years. I think we should let the State Department, ICA, and other qualified agencies do this work.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Massachusetts. I yield.

Mr. JUDD. I cannot think of anything that is much more important than to try to get into useful work and productive activity the intellectuals who are unemployed in the underdeveloped areas. The first target of the Communists in any country, even including the United States, are the intellectuals who, for whatever reasons feel frustrated and

dissatisfied. These are the ones in China, India, and other countries who go after communism most readily because it promises to give to them significant work to do and a sense of importance—all this and heaven, too. I do not know anything better that the Board could do than try to find ways, if it can, to help some of those persons find useful and satisfying work in helping build up their own countries. At present they are the most fertile soil for subversion—and that is a greater danger in most of the less developed countries than actual aggression.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I certainly would not want to oppose the chairman who has spoken in opposition to this amendment.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. At the conclusion of the time of the gentleman from Ohio [Mr. HAYS]?

Mr. MORGAN. At the conclusion of his time.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HAYS. Mr. Chairman, I would not want to oppose the chairman, as I was saying, nor do I want to intervene in the internecine warfare on the Republican side, because this is an amendment, as far as I am able to find out, to abolish a commission composed of 100 percent Republicans. I am just telling the Democrats for their information and they can be guided accordingly.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken, and the Chair being in doubt, the Committee divided, and there were—ayes 57, noes 62.

Mr. GROSS. Mr. Chairman, I ask for tellers.

Tellers were ordered and the Chair appointed as tellers Mr. GROSS and Mr. MORGAN.

The Committee again divided, and the tellers reported that there were—ayes 75, noes 74.

So the amendment was agreed to.

The Clerk read as follows:

SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 205. Title IV of chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is amended as follows:

(a) Amend section 400, which relates to special assistance, as follows:

(1) In subsection (a), strike out "1959" and "\$202,500,000" and substitute "1960" and "\$250,000,000", respectively.

(2) In subsection (c), insert "(1)" immediately after "specify", and immediately after "ideas and practices of the United States," insert "or (2) for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States,"; and in the last sentence of such subsection, immediately after "as amended," insert "and notwithstanding the provisions

of section 1415 of the Supplemental Appropriation Act, 1953, or Public Law 213, Eighty-second Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act,".

(3) Add at the end of such section 400 the following:

"(d) Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President is authorized to use foreign currencies accruing to the United States in any Latin American country under this or any other Act (other than under title II of chapter II of this Act) in such amounts as may be specified from time to time in appropriation Acts for the purpose of making loans for land resettlement programs described in clause (C) of subsection (b) of this section."

(b) Insert after section 400 the following new section:

"SEC. 401. UNITED NATIONS EMERGENCY FORCE.—The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1960 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force."

(c) In the first sentence of section 402, which relates to earmarking of funds, strike out "1959" and substitute "1960."

(d) In section 403, which relates to responsibilities in Germany, strike out "1959" and "\$8,200,000" in the first sentence and substitute "1960" and "\$7,500,000", respectively.

(e) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (c), strike out "1959" and "\$1,200,000" and substitute "1960" and "\$1,100,000", respectively.

(2) In subsection (d), strike out "1959" and "\$8,600,000" and substitute "1960" and "\$5,200,000", respectively.

(f) In section 406, which relates to children's welfare, strike out "\$11,000,000" and "1959" and substitute "\$12,000,000" and "1960", respectively.

(g) In section 407, which relates to Palestine refugees in the Near East, strike out "1959" in the first sentence and substitute "1960"; and strike out the proviso in the first sentence.

(h) In section 408(c), which relates to the North Atlantic Treaty Organization, strike out "four" and substitute "five."

(i) In section 409(c), which relates to ocean freight charges, strike out "1959" and "\$2,100,000" and substitute "1960" and "\$2,300,000", respectively.

(j) Section 410, which relates to Control Act expenses, is repealed.

(k) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out "1959" and "\$33,000,000" and substitute "1960" and "\$39,500,000", respectively.

(2) In subsection (c), strike out "not to exceed \$7,000,000 in any fiscal year," and insert before the period "and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): *Provided*, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objective of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct".

(l) Amend section 413, which relates to encouragement of free enterprise and private participation, as follows:

(1) In subsection (b) (4) (B) (ii), insert before the semicolon "revolution, insurrection, or civil strife arising in connection with war, revolution, or insurrection".

(2) In subsection (b) (4) (F), strike out "\$500,000,000" and substitute "\$1,000,000,000".

(3) In subsection (c), delete the words "a study" following the words "shall conduct" and insert in lieu thereof "annual studies"; insert immediately before the period at the end of the first sentence the following: "and to the net position of the United States in its balance of trade with the rest of the world"; and in the final sentence delete the word "study" following "such" and insert in lieu thereof "studies".

(m) In section 419(a), which relates to atoms for peace, strike out "1959" and "\$5,500,000" in the second sentence and substitute "1960" and "\$6,500,000", respectively.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 7, line 8, strike out "\$250,000,000" and insert in lieu thereof "\$171,800,000".

Mr. BENTLEY. Mr. Chairman, this is an amendment to reduce the amount authorized for special assistance. Last year the Congress appropriated the sum of \$200 million for this purpose. This year the administration requested \$271.8 million, which the committee cut to a sum of \$250 million. My amendment would cut this amount further by a total of \$78.2 million, or a total reduction from the administration request of \$100 million.

Now, Mr. Chairman, I would like to tell the committee just briefly what special assistance is. Special assistance is economic assistance on a grant basis. I repeat this. Special assistance is grant economic assistance. There is no loan feature about it at all. It is designed for those countries, Mr. Chairman, in which either we have none or very little military assistance. It is designed for countries where the Development Loan Fund could not apply; in other words, the countries that are to get this grant assistance are not even good loan risks under the terms of the Development Loan Fund and where technical cooperation is impossible.

Mr. Chairman, there are a number of countries that receive special assistance or that are programed to receive special assistance, and some of them, I will admit, are very worthy recipients, but on the other hand I maintain that some of these countries I do not think the United States has any business assisting at the present time. In view of the impossibility of spelling out which country is to get special assistance and which country is not to get special assistance, I offer this cut in the belief that the committee will agree with me that some of the countries which I am about to read do not require grant economic assistance at this time, and I will now read these.

There is a very small token grant for West Berlin, which, we all want to support, but is perfectly capable of being economically supported by the Federal Republic of Germany. Here are the countries: Afghanistan, Bolivia, Burma, Ethiopia, Haiti, Indonesia, Israel, Jor-

dan, Liberia, Libya, Morocco, Nepal, Somalia, Sudan, Tunisia, and Yugoslavia.

As I say, Mr. Chairman, this is grant economic assistance which is designed to go to these various countries. The amounts on a regional basis, not by country breakdown—because that is entirely classified—can be found on page 34 of the committee print.

On page 35 of the committee print are certain reasons the committee set forth for justifying its aid programs, and I would like to read two or three:

Bolivia has been assisted in the crucial phases of an effort toward economic stabilization, with a major upheaval and change of political orientation having been avoided.

I remind the committee of the fact that not too long ago there was a rather substantial upheaval in Bolivia when certain stories came out in one of our better-known magazines, and there was certainly very decided resentment against it at the time.

Yugoslavia, in the face of aggressive Soviet economic action in curtailment of credits, has maintained its national independence of the Soviet bloc.

I leave it to the members of the committee to determine just how nationally independent Yugoslavia is of the Soviet bloc.

Now, I repeat, Mr. Chairman, I think there are some countries in which this special assistance program is probably justified, but there are several countries, including some of those that I have not mentioned, where I think the program is not only unnecessary but where I actually think it constitutes a certain amount of bribery and blackmail in these countries to achieve American objectives. I cannot go further into that right now without revealing classified information, but if the members are interested, they can go up to the tables and look at these vast numbers of volumes and read some of the classified information and see for just what purpose special assistance funds are being used.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in some of these countries that my distinguished colleague from Michigan has mentioned, the United States maintains vitally important air bases and facilities; for instance, in the countries of Morocco and Ethiopia. There are other countries where the preservation of their independence is identified with the United States and the free world, where it is abundantly necessary that we aid them by granting economic assistance, where they cannot qualify for the Development Loan Fund or the defense support program.

This special assistance program has for its purpose to develop and maintain the economic stability and growth of these countries and to insure their identification with the free world and their independence. Since the special assistance funds are so closely connected with the well being and security of the United States, any further reduction would be ill advised. I do not know where the gen-

tleman from Michigan would start his cuts. We listened to arguments yesterday why we should not advocate high defense and military assistance to these countries. We had it pointed out to us clearly that there were areas where we should assume the beneficent attitude of wanting to help people who are in need of help and who are seeking the free way of life. I do not know what countries we can cut out of this program. Let me point to some of these countries. For instance, Burma, Indonesia, the city of West Berlin—they are vitally dependent on our aid. It is true that in West Berlin we have only a token figure, some \$2 million.

Mr. BENTLEY. Mr. Chairman, may I remind the gentleman that that figure is classified.

Mr. GALLAGHER. It may very well be classified, but I want to make it abundantly clear here today that these programs are necessary. Our military leaders feel they are necessary. The administration feels they are necessary. The argument was raised on the World Development Loan Fund that the figure requested by the administration is necessary. The same argument is equally applicable here so that we can carry out this program.

There is a \$35 million program here for the eradication of malaria. We have a \$5 million program designed to combat water-borne diseases. These are programs in which we may be guided by the lights of national responsibility and humanitarian purpose with a desire to further the free way of life. We can be further guided by the lights of those who want to follow the democratic way of life so that by helping these people, they will be able to help us and support our way of life. This is the purpose of the mutual security program.

Therefore, I urge that this amendment be defeated.

The executive branch requested \$271,800,000 for special assistance. The committee bill authorizes \$250 million, which is a reduction of \$21.8 million below the executive branch request. A further cut should not be made because the programs under "Special assistance" are vital to our own security.

Special assistance is economic aid and includes a number of types of aid which do not belong under other headings, including (a) economic assistance to countries where the United States is not providing military assistance in support of significant forces and where technical assistance or the Development Loan Fund would not be adequate to meet U.S. objectives; (b) a malaria eradication program of \$35 million; (c) \$5 million for a program designed to combat waterborne diseases; (d) \$1 million for international medical research; (e) \$5 million for aid to American-sponsored schools abroad; and (f) \$5 million to establish an investment incentive fund so as to increase the participation of U.S. private enterprise in the development of the less developed countries.

Special assistance will be furnished to 16 countries and to West Berlin. The 16 countries are Indonesia, Burma, Nepal,

Yugoslavia, Haiti, Bolivia, Morocco, Tunisia, Libya, Sudan, Ethiopia, Somalia, Liberia, Jordan, Afghanistan, and Israel.

Bilateral special assistance has one or more of the following objectives:

First, to develop or maintain economic stability and to support economic growth in countries in order to insure continued independence or identification with the free world; and

Second, to help to secure or maintain U.S. military bases.

It is essentially economic assistance furnished for political reasons or furnished in countries where defense support is inappropriate.

A look at the countries which are receiving special assistance makes it abundantly clear that these are some of the most sensitive areas in the world. For example, Jordan, Morocco, and Tunisia are the three largest recipients of our special assistance.

That form of aid which is known as special assistance has achieved outstanding successes. Among these successes have been those outlined on page 35 of the committee report, as follows:

1. Strategic bases, outside of our territory, have been retained.

2. Jordan has preserved its independence.

3. Lebanon has been helped to meet the economic dislocations of the internal crisis of 1958 and to restore reasonable stability.

4. Tunisia, despite strong anti-Western pressures, had retained its freedom of action.

5. Bolivia has been assisted in the crucial phases of an effort toward economic stabilization, with a major upheaval and change of political orientation having been avoided.

6. Yugoslavia, in the face of aggressive Soviet economic action in curtailment of credits, has maintained its national independence of the Soviet bloc.

7. In West Berlin, continued U.S. economic assistance on a modest scale has contributed to maintaining the Western position in this free enclave in a Soviet-controlled area.

8. U.S. initiative and sharing in the costs of the malaria eradication program, now in its second year of operation, have provided the major impetus in this worldwide program to eliminate malaria.

The United States maintains vitally important airbases and facilities in Morocco, Libya, and Ethiopia. The preservation of the independence of Jordan and Tunisia are important to our security and to the security of the free world.

The committee was assured by the executive branch that special assistance would be provided to Israel and it is from these funds that any grant assistance which Israel will receive will come. It is necessary if we are to continue our encouragement and assistance to that bastion of democracy in the Near East, Israel, that we do not reduce this amount.

Since the special assistance funds are so closely connected to the well-being and to the security of the United States, any further reduction would be ill advised. These funds are necessary to help us preserve base rights in sensitive areas. They are necessary to help us maintain stability in areas where there is serious danger of Communist or other subversion. A reduction in these funds might well mean serious damage to the United States.

I urge defeat of the amendment. I advocate no reduction in this important fund.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as already stated, the executive branch requested \$271,800,000 for special assistance. The committee went over this program very thoroughly and reduced the executive request to \$250 million. This is a special program that has a great deal of human appeal. Besides, it is a program that is tied, part and parcel, to our own defense system.

I am sure the gentleman will concede that without special assistance some of our bases in north Africa that are now manned by our great Air Force would not be possible. This is a very, very vital part of the mutual security program. If you will read the report you will find some of the reasons why special assistance should be continued in the full amount requested by the executive branch.

Strategic bases, outside of our territory, have been retained.

Jordan has preserved its independence.

Lebanon has been helped to meet the economic dislocations of the internal crisis of 1958 and to restore reasonable stability.

Tunisia, despite strong anti-Western pressures, has retained its freedom of action.

In West Berlin, continued U.S. economic assistance on a modest scale has contributed to maintaining the Western position.

U.S. initiative and sharing in the costs of the malaria eradication program, now in its second year of operation, have provided the major impetus in this worldwide program to eliminate malaria.

The malaria program is now in its third year. It is a worldwide program to conquer malaria and it is a very successful program.

This item also has \$1 million in it for international research on cancer and heart disease.

This program has been cut to a bare minimum by the committee. The Executive is going to need every dime of the \$250 million. It is a good program, and I ask for the defeat of the amendment.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Michigan.

Mr. BENTLEY. Last year the appropriation for this program was \$200 million. I am asking the Chairman if the program suffered thereby.

Mr. MORGAN. There are additions to the program that are new.

Mr. BENTLEY. Oh, we are expanding the program?

Mr. MORGAN. The malaria program is in its third year and there are many other programs that require the extra money.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I strongly oppose the amendment to cut the special assistance funds in this 1959 foreign aid bill. We

had the Jordan and Lebanon crises last year that were a real problem, and we were able to surmount those because we had adequate funds and forces.

Likewise we have had the Berlin crisis come since, and I certainly do not want the people of Berlin to feel that we are going to let them down in any respect. We must stand up for our good friend, Israel, that was put in this special assistance program really by the House Committee on Foreign Affairs, and because it is not an administration request, Israel will be the first one out.

The United Nations emergency force funds are likewise supplied by the special assistance provisions, which assures a guard for peace in the Mideast, and it would be serious to eliminate this.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield at that point?

I want to challenge the gentleman's assertion that the administration is not in favor of aid to Israel.

Mr. FULTON. The administration is in favor of aid to Israel. But several members of the Foreign Affairs committee are the people that got the State Department to assure us that Israel would be in the program under special assistance. Can the gentleman tell me whether Israel was in the bill for special assistance when the administration request came out? Of course, Israel was not, I will say to the gentleman from Michigan and he knows it.

May I finish further.

Here is our opportunity in Latin America to make good to them when we are not going to give them the full arms aid which they had expected. Here is a chance to show Latin America we stand behind them as good neighbors to help them move forward in the economic development of underdeveloped areas.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. LAIRD. I would like to ask the chairman a question. It is my understanding that there is \$5 million here for research work which is going to be carried on through the World Health Organization in the field of medical research. Is it not true that the World Health Organization reduced the amount at the recent meeting so that the maximum amount that is going to be expended by that World Health Organization is \$500,000 of which the United States will only contribute approximately \$200,000 instead of the original request that was contained in this bill?

Mr. MORGAN. There is \$3 million for the malaria fund for WHO.

Mr. LAIRD. I am talking about the medical research fund.

Mr. MORGAN. There is \$3 million for the malaria fund which is controlled by the World Health Organization.

Mr. LAIRD. And there is \$5 million for the medical research program; is that not correct?

Mr. MORGAN. There is only \$1 million here for the medical research.

Mr. LAIRD. It is my understanding that that was going to be the U.S. contribution to the World Health Organization.

Mr. MORGAN. That is true. It is only \$1 million and not \$5 million.

Mr. LAIRD. I think there is more money provided here in the bill than will be necessary to make the U.S. contribution.

Mr. FULTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I want to point out further the Hungarian refugee support has been in this special assistance fund as well as the escapees and refugees from behind the Iron Curtain countries. We do need this money and strongly need it.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY), there were—ayes 40, noes 101.

So the amendment was rejected.

Mr. GARY. Mr. Chairman, I have an amendment to the bill at page 7. The gentleman from Pennsylvania [Mr. FULTON] has an amendment to a provision of the bill on page 12. I have another amendment to page 13. They all relate to the same subject and I do not think there is any controversy concerning them. Therefore, Mr. Chairman, I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. GARY]?

There was no objection.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. GARY: On page 7, in lines 17 and 18, strike out the matter which reads as follows: "section 1415 of the Supplemental Appropriation Act, 1953, or."

On page 13, strike out lines 14 through 23 and insert in lieu thereof the following: "Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to and be available for the authorized purposes of the Development Loan Fund in such amounts as may be specified from time to time in appropriation acts."

On page 12, line 13, immediately before "translation", insert "purchase dissemination and"; and on page 12, line 13, immediately before the period insert ", in such amounts as may be specified from time to time in appropriation acts."

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield.

Mr. ZABLOCKI. It is my understanding that the committee is going to accept the gentleman's amendments. I would like to inquire of the gentleman whether he can give me some assurance that the Appropriations Committee will give early consideration to the proposal in section 205; and secondly, will the acceptance of the gentleman's amendments prevent the International Cooperation Administration from utilizing foreign currencies available under the authorization of section 104(e) of Public Law 480?

Mr. GARY. It would not. The effect of the amendment to section 205 is merely to prevent the bypassing of the provisions of section 1415; and I, as one Member of the Appropriations Committee certainly will say that I am thoroughly in accord with all three sections of the bill which permit the use of local currencies for the purposes stated and I certainly would do whatever I could to see that the proper appropriations are made to carry them out.

Mr. ZABLOCKI. I thank the gentleman.

Mr. GARY. I feel that the foreign currencies should be used wherever they can in the place of dollars, but the Congress should retain control over them. That is all these amendments attempt to do.

May I explain that the amendment to section 401 on page 12, line 13, is the amendment of the distinguished gentleman from Pennsylvania [Mr. FULTON], and I am offering it on his behalf and requesting that it be considered en bloc with my amendments in order to save the time of the House.

Mr. MORGAN. Mr. Chairman, after a careful examination and consultation with the ranking minority member, the committee accepts all three amendments.

The CHAIRMAN. Without objection, the amendments are agreed to.

There was no objection.

Mr. WOLF. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLF: On page 8, line 16, strike out the quotation mark and immediately below line 16 insert the following:

"SEC. 401A. (a) In keeping with the purpose and objective of the Mutual Security Act, to assist in stabilizing economies, to promote the use of the greatest asset of the United States, and to help eliminate famines and hunger in ways that will promote economic development, the President is authorized during the ten-year period which begins on the date of enactment of this section upon the request by the Secretary General of the United Nations to furnish, without charge, to the United Nations or to any agency thereof, from stocks of the Commodity Credit Corporation, commodities which are surplus, as determined by the Secretary of Agriculture. In making such commodities available to the United Nations or any of its appropriate agencies, the United States shall enter into agreements with the United Nations or any of its appropriate agencies providing that—

"(1) Such commodities shall be used in underdeveloped areas to further (A) industrialization and basic capital improvements including (but not limited to) community development projects, harbors, roads, canals, bridges, schools, factories, dams, and the like; (B) education and educational programs including (but not limited to) school lunch and school clothing programs; (C) national food and fiber reserves.

"(2) The United States will pay the costs of transportation of such commodities within the United States to ports of embarkation; and will pay ocean charges.

"(3) Such commodities shall not replace in the countries of use the usual domestic production or imports of the same or similar commodities;

"(4) Such commodities shall be used solely for domestic consumption in the country to which exported, and shall not be reexported nor shall such commodities be used to

replace commercial exports from the United States;

"(5) The President will be kept continually informed with respect to the activities made possible by, and uses made of, commodities furnished by the United States under such agreements, and with respect to whether or not the objectives of the United Nations are being carried out through the programs undertaken pursuant to this Act.

"(b) Agreement shall not be entered into under this section which will call for the furnishing in any calendar year of agricultural commodities representing an investment by the Commodity Credit Corporation in excess of \$250,000,000.

"(c) The President is authorized to cooperate with the Secretary General of the United Nations in bilateral and multilateral operations with other member nations of the United Nations that wish to further their own economic well-being and the objectives of the United Nations through the contribution or use of surplus foods and fibers."

(Mr. WOLF asked and was given permission to revise and extend his remarks.)

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Mr. Chairman, I make the point of order that the amendment offered by the gentleman from Iowa is not germane to the pending bill.

Mr. WOLF. Mr. Chairman, will the gentleman withhold his point of order until I have made my statement?

Mr. TABER. I do not think I ought to do that.

The CHAIRMAN. Does the gentleman from Iowa [Mr. WOLF] desire to be heard on the point of order?

Mr. WOLF. Mr. Chairman, I think my statement will cover the point of order.

The CHAIRMAN. The Chair wants to hear the gentleman on the point of order. The Chair will hear the gentleman on the germaneness of his amendment.

Mr. WOLF. Mr. Chairman, I feel very sincerely this amendment is germane to the bill. I feel that we are dealing with mutual security; and, surely, the first security of every human in the world is food. That is the basic necessity of mankind. When you are talking about mutual security you are talking about food as a beginning.

Mr. FULTON. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. FULTON. Mr. Chairman, in support of the gentleman's amendment, may I say that in both the years 1956 and 1958 the House amended Public Law 480 under the Mutual Security Program, and we amended it by saying how foreign currency shall be distributed; so that we have in this particular Mutual Security Act referred to the distribution of U.S. agricultural surpluses abroad. Already we have a legislative history on that.

The CHAIRMAN (Mr. MILLS). The gentleman from Iowa [Mr. WOLF] offers an amendment to which the gentleman from New York [Mr. TABER] makes the point of order that it is not germane to the bill before the Committee.

The Chair has had an opportunity to examine the amendment, also the Mutual Security Act of 1954, as amended, particularly title IV thereof, which has to do with special assistance and other programs, and calls attention to the fact that in title IV there is specific mention of surplus agricultural commodities pursuant to the Agricultural Trade, Development, and Assistance Act of 1954.

The Chair feels that this amendment is germane to the bill now before the Committee, and, therefore, overrules the point of order made by the gentleman from New York.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. WOLF. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WOLF. Mr. Chairman, I do not wish to yield any further until I have completed my statement. I feel my position very strongly, and I feel that interruptions would interfere with my statement.

Mr. Chairman, this is a food-for-peace amendment.

I want to state that the President of the United States in his state of the Union message recommended and asked for a food-for-peace program. We have stated in our platforms that we want a food-for-peace bill.

I sincerely believe that my amendment effectuates the objectives of both parties.

I consider the chairman of the Foreign Affairs Committee one of my closest friends and advisers in the House, and I compliment him for the work which he and the membership of the committee have done.

I believe, Mr. Chairman, that defense weapons and technological development have important places in the plan as a whole, but I feel strongly that our agricultural abundance can be used more effectively than it has been as an instrument of our foreign policy.

There is no question that in many of the underdeveloped countries the rate of progress which our technical aid would make possible would be accelerated if the underfed peoples could be assured of adequate diets.

Lack of food and clothing undermines the health, welfare, and morale of people. When adequate supplies of food do not exist, it is impossible for people to divert their productive efforts for any purpose other than the obtaining of sufficient food and fiber. Hence, certain basic capital improvements, such as harbors, roads, canals, and others, cannot take place.

Mr. Chairman, America's agricultural abundance is the greatest single asset we have with which to fight the cold war, but it is consistently the last resource considered, if at all.

We know that it is now possible for food to be used directly in economic development.

Various studies have shown that food and clothing could be used on community development projects in lieu of money payments to previously unemployed workers.

By using our food and fiber resources in this way, the importing nation would be able to take care of the increased demand for food without causing inflation. Furthermore, by using food in this manner, the participating government would be able to utilize capital for increased industrialization rather than diverting this capital for some labor payments or for the procurement of food. Education programs may also be developed.

Agreements would include the use of our food and fiber for the purpose of building national food and fiber reserves in nations susceptible to droughts, floods, or famines. Nations susceptible to such conditions are more likely to be in danger of political, economic, and social instability. Furthermore, such nations are forced to cut back on industrialization. These problems can be averted with adequate national food reserves.

Under the terms of my amendment, agreements may be made for food and fiber resources between the Secretary General of the United Nations and the President during a 10-year period from the date of enactment of this act. The food and fiber resources to be made available for this program are those commodities held by the Commodity Credit Corporation.

It should be understood that as presently contemplated, there will be no costs to the United States beyond that amount already authorized to the Commodity Credit Corporation.

Mr. Chairman, I firmly believe that food and fiber may be used effectively in promoting strong economic conditions, and fostering hope, confidence and human dignity in areas now underdeveloped.

Mr. Chairman, the adoption of my amendment will show the people who are in need of food that the United States is interested not only in their economic development and their military security but in their own personal well-being.

Instead of being a costly and an extravagant program, it will actually save the United States money. This saving will be accomplished in the following way:

Each year it costs us \$28 million to store the \$250 million worth of food authorized to be distributed by my amendment. It will cost approximately \$40 million to transport the amount authorized.

If for 10 straight years the maximum amount of food and fibers were distributed to the areas of the world which need it, we would have distributed \$2,500 million worth of food at a cost of \$400 million. By doing so, we would have saved \$1,540 million in storage costs. Deducting from this the transportation costs involved we come up with a net saving of \$1,140 million.

Let me illustrate:

[In millions]			
Year	Amount of food distributed	Amount saved from storage	Cost of shipping
1st.....	\$250	\$28	\$40
2d.....	250	56	40
3d.....	250	84	40
4th.....	250	112	40
5th.....	250	140	40
6th.....	250	168	40
7th.....	250	196	40
8th.....	250	224	40
9th.....	250	252	40
10th.....	250	280	40
Total.....		1,540	400

So, if my amendment were enacted and implemented over a 10-year period, we would actually save ourselves \$1,140 million over and above transportation costs.

Not only would the recipients of this food be happier because of their increased physical well-being, but they would be better able to apply their energies and their thoughts to pursuits which would contribute to their national development.

I would like to close my statement with reasons for attaching this amendment to the Mutual Security Act and putting the plan through the United Nations rather than on a strict bilateral basis.

Today many of the underdeveloped nations of the world look to the United Nations as their protector, as their hope for peace and security. They look to the United Nations because they owe a large degree of their sovereignty and independence to the United Nations.

By proposing an expanded economic industrial development program for the United Nations which will have as one of its basic features part of our agricultural resources we will have done much to prove our hope that people all over the world may live in dignity and enjoy freedom from want. Furthermore, we will be showing the world that we hold the United Nations as a great instrument for peace and security in this world.

I would like to close my statement by showing you this picture here. This is their food. This is their mutual security. This is the food that they must have in order to subsist. It begins in the home, with the wives and the children.

The CHAIRMAN. The chair recognizes the gentleman from Utah [Mr. KING].

Mr. KING of Utah. Mr. Chairman, I rise in support of the amendment. This is one of the very rare occasions in which the liberal and the conservative may join hands firmly and sincerely in the support of legislation which represents the best interests of each.

The surplus-reduction program proposed in this amendment promises to alleviate one of the most perplexing and distressing problems in the American economy, the problem of our vast and growing agricultural surpluses.

It also promises to alleviate the most pressing social problem on the globe. This problem is starvation.

The latter makes the liberal's duty on this legislation very clear. The liberal

measures legislative values invariably, though not exclusively, by social and human need. His senses of justice and morality are shocked by the very existence of food and fiber surpluses in a world which leaves a majority of its population inadequately clothed and poorly fed. And his same senses are shocked in the extreme by the knowledge that these surpluses rot in storage bins while many nations find economic and social progress impossible simply because their energies are wholly consumed in the quest for the food and fiber they must have to survive.

But I am equally certain the conservative, whose creed stresses fiscal solvency and whose political instincts seek the economic justification in every legislative measure, also sees the merit of the bill.

Our surpluses are now so vast that their storage is a heavy economic burden. We have nearly \$9 billion worth of surpluses under loan and storage. The storage costs on them now run approximately \$600 million annually with the prospect of its going much higher by the end of this year. We have approximately 1,260 million bushels of surplus wheat, and the storage costs run a minimum of 18 cents a year on every bushel.

For slightly more than twice that amount, for about 40 cents a bushel, we can ship surplus wheat to other continents. In other words, we can put the wheat in the hands of people who desperately need it, we can put it to the purpose for which it was grown, for the same price we pay to store it for slightly more than 2 years.

In time, wheat held in storage is likely to rot. And the wheat which does not rot will eat up its own market value in storage costs. That market value will be eaten up several times over by extended storage.

Since American farms continue to generate food and fiber surpluses, since we foresee no immediate solution to the problem, it seems quite obvious we would be money ahead to ship the surpluses rather than store them.

The objectives of this amendment have been endorsed by the President of the United States. He has repeatedly urged the distribution of our food and fiber surpluses to the needy peoples of southern Asia and to underdeveloped nations elsewhere in the world.

In the name of fiscal responsibility, in the interest of agricultural and economic stability, in the name of kindness, charity, and decency, and in the name of progress and opportunity for all peoples, I urge your support of this amendment.

(Mr. KING of Utah asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The chair recognizes the gentleman from Vermont [Mr. MEYER].

Mr. MEYER. Mr. Chairman, I support this amendment because I believe this is one of the real ways in which we can show to the countries and the peoples of the free world that we are interested in them as human beings. I do not know how we can develop our mu-

tual security in a better way than by showing to the people that we are really interested in them as persons. In this way the countries who are free, the countries who want a better way of life, will draw together. I would like to ask the gentleman from Iowa if he could tell us a little bit about the method of distribution to show how it could be done in an efficient way.

Mr. WOLF. I intentionally left this section vague. This is a very difficult section.

I felt that the President of the United States and his appropriate assistants, and the Secretary General of the United Nations would be far better able to work out these details than Congressman LEN WOLF, of Iowa. I have been in several conferences with men at the United Nations and with some State Department people, and they agree that the program can be worked out without interfering with normal trade channels and do a job for the people for whom it is intended.

Mr. MEYER. I think this is the point that should be made, that it is believed by the executive department and other people who are vitally concerned that this can be done efficiently and that the distribution methods can be worked out in a way so that we can secure the maximum good.

Mr. WOLF. Mr. Chairman, will the gentleman yield?

Mr. MEYER. I yield to the gentleman from Iowa.

Mr. WOLF. There is already a study being made at the United Nations to effectuate this program if it should succeed. I believe it is only fair to mention that at this point.

Mr. MEYER. I thank the gentleman from Iowa.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL to the amendment offered by Mr. WOLF: Strike out the period at the end of the sentence and add the following:

"Provided further, That no food or fiber products shall be donated or shipped abroad under the provisions of this section which are not available through domestic programs to assist needy persons within the United States, and unless the Secretary of Agriculture shall have so certified prior to such shipment or donation."

Mr. WOLF. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the distinguished and able gentleman from Iowa [Mr. WOLF], who in just a few short months in Congress has already established himself as a clear thinking, vigorous, able, and courageous liberal Member of this body.

Mr. WOLF. Mr. Chairman, I like this section and would like to have it added to my amendment.

Mr. DINGELL. I thank the gentleman.

Mr. Chairman, I would like to explain briefly the purpose of this amendment, which merely sees to it that charity begins at home.

For comparison I would refer to our experience under Public Law 480. That law has dribbled our surplus food products abroad as gifts or as sales for worthless and blocked currencies, to countries all around the world at times when those same foods have been denied to our hungry here at home. For the benefit of my colleagues here in the House I want to cite some examples of foods given away abroad under Public Law 480 which were never made available under domestic programs to feed our own needy: beef, ham, pork and meat products, chicken, poultry, eggs, beans and beets, and other vegetables, fruits, especially citrus, canned fruit products, dried and frozen fruit juices and fruit products, oils, fats, butter—especially butter, cheeses and other milk products have been shipped abroad under Public Law 480 while our needy folks at home have been denied the benefits of these same products under domestic distribution programs.

The purpose of this amendment to the amendment is simply to see that the same vicious practices long carried on under Public Law 480 does not go on under the program to be established by this amendment.

If my amendment to the amendment is adopted I am satisfied that the proposal of the gentleman from Iowa [Mr. WOLF], is a good one, clearly in the public interest.

I commend the gentleman from Iowa [Mr. WOLF], for the clear, candid, and able way he has presented his amendment, and for the effort and thought which he has given to it. I say that this is just one more thing to prove both the ability and diligence of LEN WOLF.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I wonder if the House realizes what kind of an operation this is. Under it surplus foods would be turned over to the United Nations. We had a sample of that once before when we had UNRRA and Russia was the chief beneficiary. Russia got the credit for all that was sent over. Maybe you folks want to do that, maybe you want to get back into something that has proved a failure and gotten us into difficulty.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Virginia.

Mr. GARY. Does the gentleman know of any machinery that the United Nations has for distributing these food-stuffs?

Mr. TABER. No; but I am sure that something of that kind would be worked out so that Russia would have a finger in the pie.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Michigan.

Mr. BENTLEY. Is it not a fact that when the UNRRA program was in operation in the Communist countries, the Communist governments themselves controlled the distribution of that food

and only made it available to their own party members?

Mr. TABER. That is exactly correct; and that is what would happen here.

Mr. THOMSON of Wyoming. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman.

Mr. THOMSON of Wyoming. Cannot the same objectives be attained and are they not being achieved under Public Law 480 program which is under direct control of the United States?

Mr. TABER. If the proponents of this wanted simply to take care of those nations that were friendly to us, that would be so; but that is not the picture.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. Mr. Chairman, this is not a completely new idea. This Congress has heretofore enacted Public Law 480. We heard the President request a food-for-peace plan. We have been waiting to see such a measure brought to the floor. The only difference here is that this amendment proposes a 10-year program. We heard the Secretary say to the Committee on Agriculture that he had trouble sending food overseas on a year-to-year basis. He would have less trouble if we went on a long-term basis. People who have to work in the field of international affairs indicate that they would much prefer a continuing program. The virtue of this amendment is that we move from a year-to-year, catch-as-catch-can program, to a 10-year program. We heard earlier today about the wheat surpluses. Reduction of those surpluses is one concern of this country that will be helped by the adoption of this amendment.

Let me turn to distribution through the United Nations. The Communist countries are not in full control of the United Nations. There are 81 countries in the U.N. Of course, this food will be used in those areas of food deficits. I happen to be one of those who believes there was some wisdom in the remarks of the man from Jerusalem who said:

Therefore if thine enemy hunger, feed him; if he thirst, give him drink: for in so doing thou shalt heap coals of fire on his head.

I am not afraid to put this program in the hands of the United Nations and make it a 10-year program. Certainly, the provision of food to those who are hungry does not only provide for their security, but it will provide for our security is well. It will provide for the security of the whole world. Mr. Chairman, I urge the adoption of this amendment. I think it is in keeping with the spirit of what the Congress has heretofore done and in keeping with what the President has recommended.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. LEVERING].

Mr. LEVERING. Mr. Chairman, the men in the Kremlin have been bragging for a long time about their sputnik. They have been bragging for a long time about their great achievements in the scientific field. But there is one area in which the Russians do not brag. There

is one area in which the Russians do not even attempt to say that they compete with the United States and that is in the area of production of food and fiber. Sometimes I wonder what Nikita Khrushchev would do with the great power in the great abundance of food and fiber that we have in this bountiful land of ours. Mr. Chairman, I have a deep feeling that he would use it very effectively to win the minds and hearts of men and women throughout the world. Our country, apparently, is the only country in the world that has to come to grips with a problem called overabundance—surpluses. We had a bitter debate on the floor this morning on the question of what was the best way to handle that problem. It seems to me in adopting this amendment we can demonstrate to the world the great humanitarian side of America. I have seen hunger on the march in "Seven League Boots" across the world, and I can say to you, Mr. Chairman, food has a universal language that even a little child can understand. I think we would be losing a great opportunity to heighten our stature in the free world, if we were to defeat this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. Judd].

Mr. JUDD. Mr. Chairman, this is a most appealing amendment, because we have food surpluses and the world has hungry people. But I cannot for a moment believe it is a wise idea for us here today to accept this amendment. No hearings have been held on this new proposal by any committee of the Congress. It involves our international relations all around the world. One of the most dangerous things from the standpoint of good relations between countries is food, should it be misused and disrupt normal trade patterns or historic markets, or if its distribution gets into the hands of authorities who allow it to go only to those who join their party or program, and deny it to others.

Again, this proposal would place a burden upon the United Nations which that organization is simply in no position to handle. I do not think anybody in the Congress will accuse me of not being a supporter of the United Nations, but this is not in its line, and I do not want to wreck it by putting on it a tremendous task that it is not set up or equipped to handle. The United Nations is a magnificent forum to investigate, to expose, to debate, to express collective judgments, and to bring matters to the bar of world public opinion. But it is not a government or an operating agency and to try to make it one by act of Congress will not succeed. The Security Council is captive to the veto of the Soviet Union, the assembly has 81 countries with each having one vote. They range from the United States with almost half of the world's wealth to a country that will come into being and undoubtedly be admitted next year that has 1.3 million people with a gross national product of \$31 per capita per year and 1 percent literacy. That is the sort of control under which you would place

\$250 million worth of surplus food and fiber each year.

Mr. Chairman, this ought to be carefully discussed first with the Food and Agriculture Organization of the United Nations itself. We all see the good objectives and fine purposes of the amendment, but we cannot foresee at a glance the bad results that could come from it. Look at the bad relations that have been created even with our closest neighbor and friend, Canada, through our program of disposal of surplus agricultural products around the world. Is the unlikely to do better? Mr. Chairman, this is too big a thing and too far reaching a proposal to adopt today without comprehensive hearings and consideration by responsible committees of this Congress.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN] to close debate on the pending amendment.

Mr. MORGAN. Mr. Chairman, I have held meetings with the gentleman from Iowa on this amendment for 2 days. I, too, want to say his amendment has a great deal of appeal. I know that the gentleman from Iowa as well as many, many other Members of the House have a great deal of interest in this amendment. There have been about 27 different bills dealing with this subject introduced in the House which have been referred to the Committee on Agriculture. The United Nations under this amendment has no machinery to dispose of \$250 million worth of surplus food and fiber.

Mr. WOLF. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. WOLF. I would like to point out that the wording is "up to \$250 million." That would not require it until they have the machinery set up to accept it.

Mr. MORGAN. The bill carries \$250 million.

Mr. WOLF. Up to \$250 million.

Mr. MORGAN. I am like the gentleman from Minnesota [Mr. Judd]; I do not know what this would do our foreign policy all around the world and to our international agricultural programs. I think the amendment has a lot of appeal but I think there should be hearings on it and we should hear the testimony of representatives of the Department of Agriculture, the Food and Agriculture Organization of the U.N. and the Department of State. Therefore I ask for its defeat.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan to the amendment offered by the gentleman from Iowa [Mr. WOLF].

The amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Iowa [Mr. WOLF].

The question was taken, and on a division (demanded by Mr. WOLF) there were—ayes 47, noes 96.

So the amendment was rejected.

The Clerk read as follows:

CHAPTER III—CONTINGENCY FUND

SEC. 301. Section 451(b) of the Mutual Security Act of 1954, as amended, which

relates to the President's special authority and contingency fund, is amended by striking out "1959" and "155,000,000" in the first sentence and substituting "1960" and "\$100,000,000", respectively.

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 401. Chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is amended as follows:

(a) In section 501, which relates to transferability of funds, insert "(a)" immediately after "TRANSFERABILITY OF FUNDS.—", and add the following new subsection at the end thereof:

"(b) In view of the rapidly increasing danger to the independence of friendly countries which is presented by the trade and assistance programs of international communism, and notwithstanding subsection (a) of this section and the sixth sentence of section 202(b), the President is authorized to transfer to and consolidated with funds made available for nonmilitary use under titles II, III, and IV of chapter II up to 30 per centum of the funds made available for military use under chapter I."

(b)(1) Add at the end of section 502, which relates to use of foreign currency, the following new subsection:

"(c) Notwithstanding any other provision of law, foreign currencies available to the United States for utilization under this or any other Act may be utilized by the President, in his discretion, for science and research, including the translation of scientific books and treatises."

(2) In section 503, which relates to termination of assistance, insert "(a)" immediately after "TERMINATION OF ASSISTANCE.—", and add at the end thereof the following:

"(b) In any case in which a nation shall hereafter expropriate or confiscate the property of any person as defined in section 413(b) of this Act and shall fail within six months of such expropriation or confiscation to take steps determined by the President to be appropriate to discharge its obligations under international law toward such person, the President shall withhold assistance under this Act or any other Act to such nation."

(c) In section 505(b), which relates to loan assistance and sales, strike out the third sentence and substitute the following: "United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad as such requirements may be determined from time to time by the President, shall be credited to the Development Loan Fund, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of title II of chapter II of this Act."

(d) In section 510, which relates to purchase of commodities, delete the comma following the words "industrial mobilization base" in the third sentence and insert the following: "or to the net position of the United States in its balance of trade with the rest of the world,".

(e) In section 517, which relates to completion of plans and cost estimates, delete

the words "title I or" in the first sentence, and insert "title I, II, or", and add at the end of such section the following: "With respect to any loan made under the provisions of title II of chapter II, the President, if he finds it to be in the interests of the United States, may waive any provision of this section."

(f) In section 523(b), which relates to coordination with foreign policy, add the following new sentence: "The chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations."

(g) Amend section 527, which relates to employment of personnel, as follows:

(1) In subsection (b), strike out "sixty" and "thirty-five" in the first sentence and substitute "sixty-five" and "forty", respectively; and add the following new sentence at the end thereof: "One of the offices established by section 1(d) of Reorganization Plan Numbered 7 of 1953 may notwithstanding the provisions of any other law be compensated at a rate not in excess of \$20,000 per annum."

(2) In subsection (c), immediately below paragraph (2), insert the following: "To the maximum extent feasible, personnel appointed under this Act to perform services outside the United States shall be appointed in accordance with the civil service laws."

(h) Insert immediately after section 533 the following new section:

"SEC. 533A. INSPECTOR GENERAL AND COMPTROLLER.—(a) There is hereby established in the Department of State an office to be known as the 'Office of the Inspector General and Comptroller', which shall be headed by an officer designated as the 'Inspector General and Comptroller', whose salary shall be fixed at the maximum rate provided by section 527(b), and who shall be appointed by and be responsible to an Under Secretary of State designated for such purpose by the Secretary of State. In addition, there shall be a Deputy Inspector General and Comptroller, whose salary shall not exceed the maximum rate provided under the General Schedule of the Classification Act of 1949, as amended, and such other personnel as may be required to carry out the functions vested in the Inspector General and Comptroller by or pursuant to this section."

"(b) There are hereby transferred to the Inspector General and Comptroller all functions, powers, and duties of the Office of Evaluation of the International Cooperation Administration, and so much of the functions, powers, and duties of the Office of Personnel Security and Integrity as relate to investigations of improper activities in connection with programs under the International Cooperation Administration."

"(c) The Inspector General and Comptroller shall have the following duties:

"(1) Establishing a system of financial controls designed to insure compliance with applicable laws and regulations in carrying out programs under the provisions of chapter I, of titles I, II, III (except section 306), and IV (except sections 405, 406, 407, and 408) of chapter II and of chapter III of this Act;

"(2) Advising and consulting with the Secretary of Defense or his delegate with respect to the controls, standards, and procedures established under this section insofar as such controls, standards, and procedures relate to assistance furnished under chapter I of this Act;

"(3) Establishing policies and standards providing for extensive internal audits of program activities under the provisions of this Act referred to in paragraph (1);

"(4) Reviewing and approving internal audit programs under this section, and coordinating such programs with the General Accounting Office and the appropriate offi-

ficial of other Government departments in order to insure maximum audit coverage and to avoid duplication of effort;

"(5) Reviewing audit findings and recommendations of operating agencies and the action taken thereon, and making recommendations with respect thereto to the Under Secretary of State and other appropriate officials;

"(6) Conducting or requiring the conduct of such special audits as in his judgment may be required in individual cases, and of inspections with respect to end-item use in foreign countries;

"(7) Prescribing a system of financial and statistical reporting with respect to all programs carried out under the provisions of this Act referred to in paragraph (1);

"(8) Advising the Under Secretary of State and other appropriate officials on fiscal and budgetary aspects of proposed programs under this Act;

"(9) Designing the form and prescribing the financial and statistical content of the annual program presentation to the Congress; and

"(10) Carrying out such other duties as may be vested in him by the Under Secretary of State."

"(d) Expenses of the Office of the Inspector General and Comptroller with respect to programs under this Act shall be charged to the appropriations made to carry out such programs."

(i) Amend section 537, which relates to provisions on uses of funds, as follows:

(1) In subsection (c), strike out "\$26,000,000" and substitute "\$27,750,000".

(2) Amend subsection (f) to read as follows:

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered in determining the level of aid for such country; the reason for including each such factor and an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the force objectives toward the support of which such aid is proposed to be furnished; the method by which such force objectives were arrived at; and where the force objectives differ from the actual level of forces in any such country, an explanation, in detail, of the reason for the difference in such level of forces."

(j) In section 543(d), which relates to saving provisions, strike out the words between "repealed" and "shall" in the first sentence and substitute "subsequent to the time such funds are appropriated"; insert "or subsequent Acts" after "1957" both times it appears in the second sentence; and strike out the last sentence.

(k) Section 549, which relates to special provisions on availability of funds, is repealed.

CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION; AND AMENDMENTS TO OTHER LAWS

International cooperation in health

SEC. 501. The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread

suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

Colombo plan council for technical cooperation

SEC. 502. To enable the United States to maintain membership in the Colombo Plan Council for Technical Cooperation, there is hereby authorized to be appropriated from time to time to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation.

Amendments to other laws

SEC. 503. The Defense Base Act, as amended (42 U.S.C. 1651), is further amended by inserting in subsection (e) of the first section, between "the approval of this Act," and "and contracting officers" in the first sentence, the following: "and the liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in performance of contracts, subcontracts, or subordinate contracts specified in subparagraph (5), subdivision (a) of this section, and the conditions set forth therein, shall hereafter be applicable to the remaining terms of such contracts, subcontracts, and subordinate contracts entered into prior to June 30, 1958, but not completed on the date of the enactment of the Mutual Security Act of 1959,".

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that the balance of the bill be considered as read, but open to amendment at any section.

Mr. HAYS. Mr. Chairman, reserving the right to object, does that throw open to amendment the part of the bill already considered or just the remainder of the bill?

The CHAIRMAN. Just the remainder of the bill, from this point on.

Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. O'HARA of Illinois. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'HARA of Illinois: On page 10, strike out all of lines 14, 15, and 16, and renumber the paragraphs.

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Have we not passed this section of the bill?

The CHAIRMAN. The Clerk had just concluded reading that section when the amendment was offered 5 minutes ago.

The gentleman from Illinois is recognized in support of his amendment.

Mr. O'HARA of Illinois. Mr. Chairman, this is the first participation of mine in the debate since we have been under the 5-minute rule. I have left it to my distinguished colleagues and the very able chairman of the committee to cover all of the wide expanse of subjects involved in mutual security. I have

reserved what little time I thought was proper for one Member to use to present to my colleagues what I regard as one of the most important amendment if not indeed the most important amendment offered for consideration here today.

I must say at the beginning that I submitted the amendment to the Committee on Foreign Affairs, of which I am a member, and I think through confusion obtaining at the time and through lack of understanding the amendment was not accepted by my committee. I trust now that the members of my committee will honor me by listening to a presentment perhaps a little fuller and more understandable. I do have great respect for the ability, the industry, and the dedication of every member of that committee.

Mr. Chairman, an amendment substantially similar to mine was presented to the Foreign Relations Committee in the other body, and I am told was adopted by a unanimous vote. Now, it is not that we are following the other body, but certainly its action should indicate that there is some validity in my position.

This amendment strikes out the authority for the investment guarantee program to increase without any required increase in premium, its risk coverage to include insurrection, rebellion, and civil strife incident thereto.

Back in World War I the Government had a program furnishing war risk insurance. The Rhode Island Insurance Co. sold war risk insurance in competition with the Government war risk insurance and the first year made \$6 million. Then encouraged by its success and wishing to attract more business by offering a broader coverage it included damage occasioned by civil strife. As a result this company that had sold war risk insurance at a profit of \$6 million in 1 year, went busted the second year when it included coverage of damage arising from civil strife.

That is exactly what I fear will happen to the investment guarantee program if we permit it to follow the pattern of the Rhode Island Insurance Company in the World War I period. The investment guarantee program I regard as the most important instrumentality we have in this field. More and more our private investments are going into foreign countries, and certainly those of us who have regard for the American taxpayers wish to continue, strengthened and not imperiled, the one program which in a greater measure than any other, offers ultimate relief from the drain on Federal funds. Last year more investment guarantee insurance was sold than in the preceding 9 years combined. Not a nickel has been lost in the program, indeed a substantial profit has been made.

I am very much afraid all this would be reversed if we followed the ill-fated example of the Rhode Island Insurance Co. and sought to protect any losses arising from civil strifes. What is a civil strife?

Furthermore, I am concerned because of the greater likelihood of the United States being put under charge on suspicion of interference in the domestic af-

fairs of another nation if an instrumentality of our Government wrote insurance against losses occasioned by civil strifes. Again what are civil strifes?

I have a very deep interest in the investment guarantee program. In an humble way I am one of the fathers of that program, which originated in the 81st Congress as part of the implementing machinery for President Truman's point 4 program. As a member then of the Banking and Currency Committee I participated actively in the hearings on the measure beginning on May 23, 1949. I would be the last person in the world to wish to do harm to a program I in my small way helped to create. I do not wish a program that has accomplished so much and offers us one of our brightest hopes to go the way of the Rhode Island Insurance Co. in the World War I period. Nor do I wish our country thoughtlessly to do anything, even with good intentions, that might put us in the light of interference in the domestic affairs of another nation.

I earnestly urge the adoption of my amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I think this matter is very important and certainly I believe there should be more time given to the discussion than just taking a vote now.

The CHAIRMAN. The Chair did not observe anyone standing.

Mr. O'HARA of Illinois. Mr. Chairman, I move that one-half hour be given to discussing my amendment.

The CHAIRMAN. The gentleman's motion is not in order.

Mr. COFFIN. Mr. Chairman, I think the gentleman from Illinois is entitled to have his amendment discussed very seriously, and I hope that we can focus on the argument so that the debate will have quality without an excessive amount of quantity at this late hour. All of our committee respects the gentleman from Illinois a great deal. He has made a great contribution, and I think we listened to him with the utmost seriousness when he proposed this amendment in committee. We did not follow him at that time because of the evidence we heard not only from the State Department itself but from the chief of the Investment Guarantee Division of International Cooperation Administration and the Committee on World Economic Practices, the so-called Boeschstein Committee.

They noted that we were not attracting to our investment guarantee program all of the business interests that we should. The program has been most effective in the past. It does not cost us, in the sense of a grant. We charge fees for this guarantee and we have been running at a profit. There have been no claims made on the fund.

This adds the risk of insurrection or civil strife based on insurrection. In the opinion of these experts such a guarantee would be of sufficient incentive to draw into the undeveloped areas private industry.

That is what we want. To the extent that we can entice private enterprise to these underdeveloped areas, we reduce the burden of the American taxpayer, and we build into that country not only economic facilities but the great middle class that alone can guarantee that these countries will grow to be stable and free countries. This does not involve money. This is a natural outgrowth of the program that has been in effect some years and is perhaps as much above criticism as any program which we have devised.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this provision in the bill to provide guarantees against revolution and insurrection in foreign countries could open up a Pandora's box. This would provide, I take it, that guarantees could be issued against an insurrection or revolution in France, for instance. What is underdeveloped about France?

Mr. COFFIN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes; I yield.

Mr. COFFIN. Most of the investment of private business of this country overseas is in either Western Europe or North or South America. They do not use this program to the extent that the company going into an underdeveloped area would use it.

Mr. GROSS. Is the gentleman saying it could not be used in France or Italy or in any other country in Western Europe?

Mr. COFFIN. No. As the gentleman knows, it is used in Italy. He cited a case the other day.

Mr. GROSS. And you already have millions of dollars of guarantees in these countries, and you want still more.

Mr. COFFIN. Existing guarantees.

Mr. GROSS. It is like a bank deposit guarantee.

Mr. COFFIN. With no losses.

Mr. GROSS. You have not had time to have losses.

Mr. COFFIN. Oh, yes. It has been in effect some years now.

Mr. GROSS. You now have guarantees against war damage, guarantees against convertibility and against confiscation. How much more do you want? Now, why open this thing up to cover revolution and insurrection?

Mr. Chairman, I do not want to take further time of the committee on this. I have an amendment to offer to this particular section later. I cannot support guaranteeing American investors against insurrection and revolution. I urge adoption of the amendment.

Mr. COFFIN. Is the gentleman aware of the Boeschstein report on the subject?

Mr. GROSS. No; I am not aware of the Boeschstein report. We are being suffocated with reports from high-priced consultants and special committees.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

The question is on the amendment offered by the gentleman from Illinois [Mr. O'HARA].

The amendment was agreed to.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 11, strike out line 18 and all that follows down through line 6 on page 12, and reletter the following subsections accordingly.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ADAIR. I object, Mr. Chairman.

Mr. MORGAN. Mr. Chairman, I move that all debate on this amendment close in 15 minutes.

The motion was agreed to.

Mr. ADAIR. Mr. Chairman, the purpose of this amendment is to remove from the bill certain additional rights of transferability which were written in by the committee. Under the law as it now exists it is possible to take 10 percent from the military assistance funds and use that money for certain economic purposes. The committee added a provision which would make it possible to take an additional 30 percent of military assistance funds and use that for the Development Loan Fund, for special assistance or for technical cooperation.

Under the existing 10-percent provision, which is already in the law—and I wish the Members would keep these figures in mind—more than \$1.8 billion of military funds have been taken out and used for economic purposes since 1950.

We were told yesterday that we need every dime that is in this bill for military assistance. In response to my questioning, the chairman of the Committee on Foreign Affairs said that on the floor of this House. But yet, if we permit this wording to remain in the bill, in addition to the 10 percent which we can now take out of military assistance, we can take an additional 30 percent; that is, the Executive can transfer it and use it for economic purposes. Under existing law the 10 percent may not be transferred into the Development Loan Fund. However, even that limitation does not apply with respect to the 30 percent. As I pointed out a moment ago the 30 percent can go into that Development Loan Fund.

If, as the House indicated by its vote, declining to reduce further the military assistance funds—if we need that amount of money which is in the bill, then certainly we have no justification for giving this additional 30 percent transferability privilege. I would further point out that the Executive did not ask for this privilege. Here, again, we are offering something which was not requested. The Executive said in effect, "We can get along as we have in the past very nicely with the 10 percent." Nothing was said about the additional 30 percent by witnesses who came before the committee. I say to the Members of this House that if my amendment is adopted, the 30 percent language would be removed, leaving the 10 percent still there. If the 30 percent is to remain, then we will have taken a step again

away from our congressional responsibility. We will be saying in effect to the Executive, "Oh, yes, we authorized almost \$1.5 billion for military assistance, but we did not really mean it. You can take about half a billion dollars and use it for these other purposes if you wish."

Therefore, I say to the House that my amendment ought to be adopted so that the funds will be used for the purposes for which we have authorized them.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Virginia.

Mr. GARY. Mr. Chairman, just a few minutes ago we had quite a debate on whether we should retain the amount of \$250 million for special assistance and the House voted to retain that amount. Would it not be possible under this 30 percent amendment to transfer 30 percent of the Military Assistance fund to that one item alone, and instead of making it \$250 million, it would become \$400 or \$500 million, absolutely contrary to the intent of the Congress?

Mr. ADAIR. It certainly would; the gentleman is correct.

The CHAIRMAN. The Chair recognizes the gentleman from Delaware, Mr. McDOWELL.

Mr. McDOWELL. Mr. Chairman, I offer a perfecting amendment to the bill.

The Clerk read as follows:

Amendment offered by Mr. McDOWELL as a perfecting amendment to the bill: On page 12, lines 1 and 2, strike out "and the sixth sentence of section 202(b)", and on line 4, of page 12, strike out "II, III," and insert in lieu thereof "III."

Mr. McDOWELL. Mr. Chairman, I agree with the gentlemen who have said that the bill as it is now written would permit the transfer of 30 percent to the Development Loan Fund as well as to other sections of the bill. I agree with him that that should not happen. I think the Development Loan Fund has a specific purpose and a very good purpose. I am sorry that the House in its wisdom saw fit to further reduce the capitalization of the Development Loan Fund, however, I feel that the other body, perhaps, will help on that situation. I do believe that this provision of 30-percent flexibility should be retained. After all, today one of the main problems and the only real purpose for this program at all is to stop Russian communism. Today the direction of Russian communism is flexible. If we do not have flexibility to meet flexibility, then I do not think we can properly combat the spread of Russian communism in these underdeveloped countries.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. McDOWELL. I yield.

Mr. ADAIR. Do I understand the gentleman's amendment would make it impossible to use the 30-percent transferability to transfer into the Development Loan Fund, but would make the 30 percent available for transfer into special assistance and technical cooperation?

Mr. McDOWELL. That is my understanding.

Mr. ADAIR. Then the only thing it would do is take away the right to transfer to the Development Loan Fund? Mr. McDOWELL. That is correct. That is my understanding.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, the only reason to vote for this bill is the provision on page 11 and previous pages of the bill which provide for military assistance and defense support. This language at top of page 12 permits military assistance to be completely destroyed. At the present time \$2 billion a year has been sent from this country to other countries that need it and to help them defend themselves; such as Korea, Vietnam, Burma, the Philippines, Indonesia, Afghanistan, Iran, Greece, and Turkey. Those people do not have any chance to borrow anything and pay it back. They are providing the soldiers and crucial positions to protect the United States. That is being done for very much less than half or even a quarter of what it would cost us to maintain our own troops over there. Why should we try to mess this thing up and mess this law up so that it is absolutely worthless and so destroy the main thing that we should have. Let us adopt this amendment and strike it out.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. FORD].

(Mr. FORD asked and was given permission to revise and extend his remarks.)

(By unanimous consent, the time allotted to Mr. LAIRD was given to Mr. FORD.)

Mr. FORD. Mr. Chairman, the Adair amendment must be approved if Congress is to retain fiscal control over this program. Under the bill, as we have it before us, we have a recommendation for \$1,440 million for military assistance and approximately \$2,100 million for various types of economic assistance. In other words, about three-fifths of the bill goes for economic assistance and approximately two-fifths goes for military assistance.

Under the provision, if it becomes law, \$432 million can be transferred from the military assistance part of the law to all or most of the nonmilitary portions of the program. In other words, the executive branch could take \$432 million from military hardware and transfer the funds over to some of these economic assistance programs which, in my opinion, are amply funded at the present time. If Congress wants to follow the regular procedure, and this is a copy of one of the justification books which Dr. Morgan's committee spent weeks and weeks on and which the Subcommittee on Mutual Security Appropriations is now spending weeks on, where we get detailed justifications as to the military hardware which is requested and which is necessary, according to the Chiefs of Staff, if we believe in the integrity of these presentations, this amendment should be approved and the provisions should be stricken from the bill.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. FORD. Gladly.

Mr. GARY. May I say to the gentleman that I am in absolute accord with his views, and I hope the amendment will be adopted.

Mr. FORD. Here is a secret justification sheet for one of the most important countries in the program, one of our most ardent and finest allies. It shows the amount of military assistance which will come out of this program for their benefit and for ours. This has been, or will be, detailed as to justification before four committees of the Congress. If this provision remains in the bill you might as well strip the military justification sheet right from this secret document book and throw it away.

I strongly feel that this provision must be stricken for our own national security, particularly when all these economic programs are amply funded and have been amply funded. It would be folly for Congress to abdicate its authority and control by authorizing up to 30 percent in transfers from military to economic programs. The law presently provides that the Executive can transfer up to 10 percent if necessary, and that is ample transfer authority.

May I say in conclusion that we believe that this is a twofold program: One, of economic assistance, and two, for military assistance. I subscribe to both. However, I also believe that the Congress should retain certain control over how these programs should be administered; and if this provision is left in the bill we will lose fiscal control for the Congress. I think that is bad for the country.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. Mr. Chairman, first I should like to associate myself with the very cogent argument just now concluded by my colleague from Michigan [Mr. FORD]. But in addition to that I would like to point out from the experience of the Hardy subcommittee of the Government Operations Committee that it is laxity in the administration of this act and too much flexibility which has given rise to many of the deficiencies which have been exposed by the inquiries of that committee.

As the gentleman from Michigan has pointed out, Congress works its will and after this bill becomes law it is the will of Congress. We debate day after day, adopt amendments in the committee and on the House floor, and after we are all through with the debate and solemnly writing a bill this transfer section tells the administrators: "Go ahead and do it any way you want to regardless of how Congress shaped the program." We should specify in this legislation how we want this program carried out and stick by our decision.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Virginia.

Mr. HARDY. I would just like to make this observation: Flexibility in policy has caused most of the difficulty this

program has experienced, and greater flexibility would increase the problems accordingly.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield.

Mr. HOLIFIELD. I intend to support the gentleman's amendment. After the consideration we have given this for 3 or 4 days I do not think we should turn 30-percent control over to anybody.

Mr. MEADER. I thank the gentleman.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MORGAN] is recognized to conclude debate on the pending amendment.

Mr. MORGAN. Mr. Chairman, this provision of the bill was incorporated by the Committee on Foreign Affairs. The Executive did not ask for it.

I understand this amendment is included in the Senate bill, and we are going to have to contend with this amendment in conference.

A lot has been said about abuse. There has not been any abuse of this transferability clause in the last 3 years. I am advised that in 1957 the transferability clause was not used a single time; that in 1958 it was used to the extent of \$25 million; 1959 only \$4 million.

I do not think there is going to be too much abuse. The gentleman from Delaware has offered an amendment to take out of the development loan section the 30 percent transferability. This will limit the authority under this section and cut down the possibility of abuse.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Virginia.

Mr. GARY. If they have had this 10 percent transferability clause in the bill heretofore and they have not used it, what purpose could there be in increasing it to 30 percent?

Mr. MORGAN. An incident might arise such as in Indochina in 1954, when a great amount of funds was transferred from the military assistance portion to the economic section to save some countries, including China.

The CHAIRMAN. The question is on the perfecting amendment offered by the gentleman from Delaware [Mr. McDOWELL].

The perfecting amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAMS].

The amendment was agreed to.

Mr. BECKWORTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BECKWORTH: On page 14, immediately following line 12, insert a new subsection 401(f), as follows:

"(f) Insert immediately after section 517 the following new section:

"Sec. 518. To the maximum extent feasible, all contracts for construction outside the United States made in connection with any agreement or grant subject to this section shall be made through competitive bidding."

And reletter the remaining subsections.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. BECKWORTH. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, the gentleman prepared this amendment during the markup of the bill, but it came to the committee too late for incorporation in the bill. After discussions which were held prior to the markup of the bill, the committee has no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BECKWORTH].

The amendment was agreed to.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 14, line 8, strike out ", and add" and all that follows down through line 12 on page 14, and insert in lieu thereof a period.

Mr. BENTLEY. Mr. Chairman, this is an amendment to section 517 bill entitled "Completion of Plans and Cost Estimates."

This section provides that no agreement or grant which constitutes an obligation of the United States shall be made for any assistance authorized under titles I, II, and III, unless "if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed."

That, I think, is a very fine provision.

Section 517 also requires no agreement or grant be made "if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within 1 year from the date the agreement or grant is made."

Mr. Chairman, those two provisions are already in the law with regard to any agreement or grant constituting an obligation of our country. The committee wrote in a provision that those two very fine and worthy conditions with respect to plans and cost estimates could be waived with respect to any agreement entered into under the Development Loan Fund. I see no reason for any such waiver with respect to the Development Loan Fund. I think the loans or agreements made under the Development Loan Fund should be subject to the same conditions that are already in the bill in respect to any other agreements or grants which constitute an obligation of this country.

Mr. Chairman, I ask that my amendment be adopted and that this waiver provision for the Development Loan Fund be stricken out of the language of the bill.

Mr. COFFIN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Michigan.

Mr. Chairman, the committee did a service last year by writing section 517 into the bill. The committee did a service this year by bringing the Loan Fund under this provision.

We say that if, in the judgment of the President our national interest requires, he may be able to negotiate a tentative

commitment with a country before the actual projects themselves are firmed up. At the present time before a loan agreement is signed, these projects are firmed up. I have every confidence they will continue to be. But if the Loan Fund is to be an instrument of national policy, we ought to leave a loophole for the President.

This is in accordance with the thinking of the House which has built in a 10 percent transferability clause into this act. That is a safety valve that we need.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Michigan.

Mr. BENTLEY. Does the gentleman think we should make loans of any type anywhere for projects that are not even in the planning stage yet?

Mr. COFFIN. There are times when the President would have to be in a position to make an agreement with a country depending on subsequent plans that may come after the agreement. For example, and I am thinking of India, the President should be in position to say, "Yes, we will make available X million dollars before and dependent upon the receipt of actual plans."

Mr. BENTLEY. Without any plans being made available?

Mr. COFFIN. Before the money is expended, plans would have to be made available and to conform to prevailing standards, of course. We do not want to tie the President's hands completely. We are requiring this decision to be made at the highest level, but we think that kind of a safety valve is necessary.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY) there were—ayes 43, noes 81.

So the amendment was rejected.

Mr. HARDY. Mr. Chairman, I have two amendments and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. HARDY: On page 18, line 2, strike out the period and insert a colon and the following:

"Provided, That all documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the Office of Inspector General and Comptroller shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Office, upon request of the General Accounting Office or such committee or subcommittee as the may may be."

On page 18, immediately below line 2, insert the following:

"(1) Amend section 534, which relates to reports to the Congress, by inserting '(a)' immediately after 'Reports.—' and by adding at the end thereof the following:

"(b) All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which

relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration upon request of the General Accounting Office or such committee or subcommittee as the case may be."

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, first I want to pay tribute to the gentleman from Virginia and his Subcommittee on Government Operations which has worked in very close cooperation with the Committee on Foreign Affairs. We worked very closely with him today in adjusting and improving these amendments, and I can say, after consultation with the minority side, that we have no objection to the incorporation of the amendments.

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

Mr. HARDY. Mr. Chairman, I am deeply indebted to the gentleman from Pennsylvania, and I want to thank him and his whole committee for their consideration of the several suggestions which I have made on behalf of our subcommittee. There has been a fine relationship between our two committees and I feel confident this has been mutually helpful in the discharge of our respective duties.

Mr. Chairman, when I spoke on the floor during general debate I called attention to the degree to which Congress has lost control of the mutual security program. I said:

We have responsibilities for exercising judgment just as the Executive does. We ought to form our judgments independently, but we cannot do this unless we require the agencies to give us full and complete factual information. It is our duty to inquire into every aspect of foreign aid. It is our duty to require that not some, but all of the relevant facts about its operation be made known to us. It is our duty to discover its weaknesses and to insist that they be corrected.

If we can assure for the Congress full and complete information which will enable us to continue to pinpoint weaknesses in the administration perhaps we may be able yet to see the foreign aid program administered with a creditable type of performance.

The obtaining of full information has been difficult both for congressional committees and for the General Accounting Office, the Congress' administrative watchdog.

On May 5 of this year, Mr. Leonard J. Saccio, who was then Acting Director of the International Cooperation Administration, testified before the Senate Subcommittee on Constitutional Rights. Involved was a question as to the right of the General Accounting Office to see certain ICA documents. During his testimony, he said, in part:

I am not falling back, now, on legal distinctions or principles here. I am saying, in effect, that if ICA wanted to apply the executive privilege, GAO would not see one thing, because practically every document in our agency has an opinion or a piece of advice.

What this amounts to is a clear assertion by the International Cooperation Administration that its officials can refuse to reveal to the General Accounting Office anything that they feel like refusing. If they can deny this information to the GAO, they can also deny it to the Congress.

This is an intolerable situation. It is unthinkable that the Congress can secure the information it needs to perform its constitutional responsibilities only at the sufferance of administrative personnel.

We have a right, as we have a duty, to examine any and all executive branch information which we may consider necessary in the evaluation of the foreign aid program.

I am offering two amendments which make this right clear. They are almost identical in wording. One requires that the International Cooperation Administration must provide the Congress and the GAO upon request with any and all information needed to evaluate the performance of that agency.

The other requires the newly created Office of the Inspector General and Comptroller, which will function under the Department of State, to provide similar information. It should be noted that if this Office does not supply the information requested, the funds set aside for its operation are not to be available.

These amendments will vastly improve the bill. The lack of a definite statutory mandate for providing Congress with information has hampered us all, and correction of this situation is long overdue. I am gratified that the committee recognizes the merit of my amendments and has accepted them. It is my hope that they may be adopted without dissenting vote.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Virginia [Mr. HARDY].

The amendments were agreed to.

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FASCELL. Mr. Chairman, the Hardy amendment providing for access by the Congress and its agent, the General Accounting Office, to ICA information overthrows the sweeping claims by executive officials that they, and they alone, will determine what the Congress shall know about the operations of the Federal Government.

Shortly after the ICA's Office of Evaluations began its operations in fiscal year 1957, a policy of excessive secrecy was developed. The agency told the General Accounting Office that its reports were privileged documents, and a privileged nature for the agency's information was claimed before committees of both the House and the Senate.

The unreasonableness of the agency's attitude is exemplified by a former Director of the ICA, who told the Congress—see House Report No. 2578, 85th Congress, 2d session, page 127:

In the case of reports which have been classified "For official use only" I am reserving the right to determine in individual cases whether and on what grounds reports so classified will be made available to congressional committees.

On June 18, 1957, the ICA Director made formal the policy of secrecy with a directive to his staff to deny the GAO access to the agency's evaluation reports. The first report refused under the policy was a study dated April 1, 1957, covering the operations of the assistance program for Formosa. The ICA's adamant refusal to cooperate with the GAO became the official policy in spite of a law directing all agencies of the Federal Government to give to the GAO all papers, documents, and other material necessary for the agency to carry out its statutory duties. That law, which is section 313 of the Budget and Accounting Act of 1921, states:

SEC. 313. All departments and establishments shall furnish to the Comptroller General such information regarding the powers, duties, activities, organization, financial transactions, and methods of business of their respective officers as he may from time to time require of them; and the Comptroller General, or any of his assistants or employees, when duly authorized by him, shall, for the purpose of securing such information, have access to and the right to examine any books, documents, papers, or records of any such department or establishment. The authority contained in this section shall not be applicable to expenditures made under the provisions of section 291 of the Revised Statutes.

The GAO was established to help the Congress to carry out its duty of overseeing the efficiency and economy of Government. The reason for establishing the GAO, under the Comptroller General, was set forth in clear and unambiguous language during the debate by the chairman of the select committee which had held hearings on the GAO enabling legislation. He explained—*CONGRESSIONAL RECORD*, October 17, 1919, page 7085:

At present Congress has no power or control over appropriations after they are once made. This control passes to the executive departments, and these departments practically audit their own expenditures, and the legality of expenditures by an executive department is passed upon by an official appointed, and who can be removed at any time, by the Executive. After appropriations are once made by Congress, the control over expenditure of the money appropriated passes from Congress. * * * The position is a semijudicial one and the tenure of office is made secure so long as the official performs his work in a fearless and satisfactory way. * * * Congress and its committees will at all times be able to consult with officials of this department (GAO) regarding expenditures and from it will be able to obtain the most reliable information regarding the use to which any appropriation has been put or the efficiency of any department of the Government. * * * If duplication, inefficiency, waste, and extravagance exist as the result of any expenditure, the President will be held responsible therefor if he continues to ask for appropriations to continue such practices. The knowledge on the part of every executive and bureau chief that such an independent and fearless department exists, and that every act and deed they perform will come under the closest scrutiny of this department, will in itself force a much higher degree of efficiency in every department of the Government.

The GAO cannot carry out its legally assigned duties under the restrictive policy now followed by the ICA. The

Comptroller General and his GAO auditors repeatedly informed the ICA of their need for—and legal right to—the papers and documents ICA was refusing. But in April 1958, the ICA again denied a formal request to make information available to the GAO. This time the agency refused to divulge its report on aid to Laos. Then the ICA put the stamp of secrecy on its report of aid to Pakistan and subsequently the GAO was refused access to ICA evaluation reports on aid to India, Bolivia, Brazil, and Guatemala. Access to these ICA reports is necessary, the GAO has informed Congress, "so that our findings and reports will be as complete, accurate, and objective as possible and will thus be of maximum usefulness to the Congress and interested officials and agencies concerned"—hearings of the Subcommittee on Independent Offices of the House Appropriations Committee, April 15, 1959, page 1053.

The Hardy amendment assures that the committees of Congress and the GAO, which serves as the auditing arm of the Congress, will now receive from the ICA the information that is vital if it is to carry out its duties. The amendment clearly states that all the information which ICA has, or which the proposed Office of Inspector General and Comptroller may gather, will be available to the GAO and congressional committees. The amendment spells out the fact that nothing can be withheld—not evaluation reports, not communications, not recommendations—nothing can be withheld.

I believe the amendment will end, for all time, the danger to our democratic system of government created by ICA's claim of immunity from congressional inquiry. The amendment spells out the clear intent that the Congress, not the ICA administrators, will decide what information Congress needs to appropriate the dollars and establish Government policies.

(Mr. MOSS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MOSS. Mr. Chairman, while the Hardy amendment to make available information to the GAO applies, in the legislation we are discussing today, to only one agency, the effect of the amendment will, I believe, be governmentwide.

Time and again the departments, bureaus, and agencies of the executive branch have raised the claim of Executive privilege to refuse information to the Congress and to the auditor of Congress, the GAO. Probably the most blatant, groundless claims have come from officials of the ICA who are spending the billions of dollars Congress appropriates. The shield of Executive privilege has also been held up against congressional access to information about the Nation's missile program. It has been used to hide facts about the operation of the Military Sea Transportation Service and even to cover up scandals. The Hardy amendment is a warning to all Government agencies that the Congress will not abdicate its constitutional duty to appropriate funds

to run the Government and to make sure that those funds are expended efficiently and economically.

The very first article of the Constitution states that "all legislative powers herein granted shall be vested in a Congress of the United States." But how can the Congress, today, exercise its legislative powers if the claim of Executive privilege is allowed to stand and agencies are permitted to cover up the facts necessary to legislate?

The distinguished Senator from Wyoming, Mr. O'MAHONEY, made the point concisely just the other day. He said:

When any branch of the Government is dealing with subjects having to do with the appropriation of money, the expenditure of money, or the action by executive authority in the field which constitutionally is covered by legislative authority, there is no such thing as executive privilege.

The Hardy amendment is a firm congressional stand against the unconstitutional claim of executive privilege. It spells out the GAO's right of access to information which the agency must have to do its statutory job of auditing the expenditure of money appropriated by Congress.

The amendment under consideration today will require the ICA to make available to congressional committees and the GAO all of the documents, papers, communications, audits, reviews, findings, recommendations, and reports under its control or which may be developed by the proposed Inspector General and Comptroller. The information which the ICA has been secreting from the Congress and its auditors—the evaluation reports on aid to Formosa, Pakistan, Laos, and many other countries—cannot be hidden with the Hardy amendment in effect.

The ICA established its system of evaluation reports after the Congress, in the Budget and Accounting Procedures Act of 1950, directed all executive agencies to set up systems of accounting and internal control. In section 117(a) of that same law the GAO was directed to audit each agency's internal controls and related administrative practices. But the GAO cannot do the job it was given by law if an executive agency can refuse to disclose how it is spending the money Congress appropriates.

The Hardy amendment will assure the GAO of the information necessary to do its statutory job within the ICA and it will stand as a warning to all other executive agencies that the Congress does not intend to turn its legislative duties over to appointed officials.

(Mr. MEADER asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. MEADER addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. MONAGAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MONAGAN. Mr. Chairman, I support the amendments offered by the gentleman from Virginia [Mr. HARDY].

These amendments would require the furnishing of appropriate documents and

information to an investigating committee of the Congress.

I have had the honor to serve on the Foreign Operations Subcommittee of the House Government Operations Committee under the chairmanship of the gentleman from Virginia. Any one who has read the recently-filed report of this subcommittee will appreciate the outstanding contribution which was thereby made to our understanding of the mutual security program and, particularly, of the substantial defects in its operation.

By a temperate and factual approach, the subcommittee has materially aided the House Foreign Affairs Committee in its consideration of the mutual security program and has aided all the Members of the House in their study of the proposed mutual-security extension.

Unfortunately, the work of the Hardy subcommittee has too often been hampered by a refusal of the executive branch to provide documentary information essential to its investigation and necessary to discover the facts in the study of details of administration of the economic aid program.

I have no doubt that inefficiency, stupidity, and perhaps crime have been concealed by this refusal.

The proposed amendments may not eliminate such refusals in the future but they will make them much more difficult and they will materially aid the investigatory work of this important subcommittee.

If the House wishes the vital work of the Hardy Committee to continue effectively, then all Members will support these proposed amendments.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 8, strike all of lines 8 through 16 and insert the following:

"The Congress of the United States, recognizing the serious financial situation which confronts this Government in the form of a \$286 billion Federal debt and a current deficit of \$13 billion, declares it to be the policy of the United States that member nations of the United Nations pay their pledges and fair share of the United Nations Emergency Force; and that unless the financial support of other member nations of the United Nations is forthcoming as pledged that the United States will have no recourse but to withdraw its support."

Mr. HAYS. Mr. Chairman, I make a point of order against the amendment that it comes too late. We had already read through the section before the bill was open to amendment.

The CHAIRMAN (Mr. MILLS). No; as the gentleman will recall, the Clerk had concluded the reading of this section as the last section that was read when amendments were offered and immediately following the consideration of those amendments, unanimous consent was obtained that further reading of the bill would be dispensed with. So this section was open at that time.

The point of order is overruled.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I would point out to the Members of the House that we are now contributing to the

United Nations almost \$98 million a year. Some people seem to think that we are making only comparatively small contributions to that polyglot organization up in New York. I refer Members to the hearings by the House Subcommittee on Appropriations for the Department of State. I would like to suggest to the Members of the House that they would do very well to read those hearings particularly with respect to the United Nations and its subsidiary organizations. Contrary to the hearings of the Committee on Foreign Affairs, the Appropriations Subcommittee hearings are not riddled with nonsensical security deletions. You can get something out of them.

Moreover, you will be able to read page after page of lists of countries that have refused to pay their contributions to the various United Nations and other international organizations, and to the tune of millions upon millions of dollars.

All my amendment seeks to do is to tell these countries that are pledged to contribute to the support of the United Nations Emergency Force that they must make good the money and that we are getting tired of paying the bills. It is time we quit this business of carrying the load for all of these international organizations.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. MORGAN. I just wanted a clarification of the amendment.

Do I understand that the gentleman strikes the language from line 7 down to line 16?

Mr. GROSS. That is right, and substitutes a new declaration of policy, one that has some meaning, rather than the meaningless words the gentleman's committee put in this bill.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this House last year by a very large vote approved funds for the United Nations Emergency Force. The United Nations Emergency Force is now in operation over on the Gaza strip and is a very useful organization. The United Nations has a budget of \$19 million for this organization, and our assessed contribution is only \$4,900,000. Special assistance funds are to be used to make a voluntary contribution to the budget to the additional amount of \$3.5 million.

But not one single incident has broken out over in the Gaza strip in the conflict between the Arabian countries and Israel. This force is doing a terrific job. Most of the budget has been paid by other nations. Many small nations with limited budgets are making contributions to this organization. It is a good organization and I think it should stay in effect.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. ROGERS of Florida. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Florida: On page 13, line 2, strike out the

quotation mark and immediately below line 2 insert the following:

"(c) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a detailed plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance, whereby such grant assistance shall be progressively reduced."

(Mr. ROGERS of Florida asked and was given permission to revise and extend his remarks.)

Mr. ROGERS of Florida. Mr. Chairman, first of all, I want to express my appreciation for the consideration the very able chairman of the Foreign Affairs Committee has shown me in connection with the amendment which I am presenting for the consideration of the House.

This amendment is designed to bring about a detailed plan for progressive reduction of the categories of economic aid designated as Defense Support and Special Assistance. The amendment directs that the President shall include in his recommendations to the Congress for the 1961 fiscal year a detailed plan country by country for those receiving bilateral grant assistance whereby such grant assistance shall be progressively reduced.

If the House adopts this amendment it will be the first concrete step toward phasing out the controversial grant features of the foreign aid program. If the House adopts this amendment it will indicate that it is the feeling of this body that it is time for a critical reappraisal of the foreign aid program—particularly emphasizing reductions in programs involving gifts and grants.

The underlying reason for its introduction is really very simple. No one wants to be considered a charity case. It is only human nature for a man not to want to be obligated to his neighbor to the extent that he loses his self-respect. So it is with nations. Rather than handouts, we should begin thinking in terms of encouraging these underdeveloped countries to stand on their own economic feet. In fact, only recently, a former Director of the International Cooperation Administration cited the need for reducing expenditures in this field and further added that we should "teach our friends abroad that our assistance is an emergency measure, not a continuing subsidy."

Surely, too, we must have learned by now that the old saying, "you can't buy friends" is as true today as when first uttered. The sooner we can reduce these type programs the sooner we can develop friendly relations with other nations of the free world based on respect and mutual admiration—which only springs from nations with self-respect.

I am sure, too, that the American taxpayer will overwhelmingly endorse the adoption of this amendment by the House today for they have been waiting some period of time to see some thought given to the reduction of this foreign aid grant program. Important as the impact of this amendment can be on our own national budget to reduce expenditures—I feel that the American people will welcome this action by the

Congress for the ray of hope that it presents.

In conclusion, I would also urge an increased spirit of cooperation between the Congress and the executive agencies charged with administering the foreign-aid program to constantly search for ways to reduce expenditures. I am certain that through such a concerted effort we can arrive at a solution to the problem which is best for the American taxpayer and our friends abroad. I hope that the House will support this amendment.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman.

Mr. MORGAN. Mr. Chairman, this amendment, in my opinion, is a very good amendment. When I was before the Committee on Rules seeking to obtain a rule to bring this bill to the floor I testified that I thought the grant assistance in this bill should be reduced. I think maybe the gentleman's amendment would prod the administration along that line in future years. After consultation with the Members on the minority side, I would like to say that we have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida.

The amendment was agreed to.

Mr. PORTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PORTER: On page 13, line 2, strike out the quotation mark, and immediately below line 2, insert the following:

"(c) If the President determines with respect to any nation that the purposes and extent of assistance furnished under this Act to such nation have been intentionally misrepresented to, or that adequate information with respect thereto has been substantially withheld from, the people of such nation by officials of the government thereof, then he shall terminate all assistance under this Act to such nation, and not resume the furnishing of assistance until he determines, with respect to any future assistance, that adequate, accurate, and complete information will be furnished by officials of such government to the people of such nation concerning the purposes and extent of assistance furnished by the United States."

(Mr. PORTER asked and was given permission to revise and extend his remarks.)

Mr. PORTER. Mr. Chairman, I know the hour is late and that this deliberative body has been doing a lot of deliberating. I will try to be brief. I will say though in passing, it has always interested me at this stage, and this is the third year I have participated in this.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield.

Mr. MORGAN. Mr. Chairman, at the conclusion of the remarks by the gentleman from Oregon, I ask unanimous consent that all debate on this amendment close in 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. PORTER. That cuts off any rebuttal. I thank the gentleman.

Mr. Chairman, as I was saying, I am always interested in seeing how Members become interested in the electoral process which is so important. We hear them say from time to time spontaneously and enthusiastically "vote." I am sure that is in keeping with the great purposes of this bill which seeks to help liberty-loving peoples in many lands.

Mr. Chairman, under my amendment the President is given the power to cut off aid when he decides a recipient nation is intentionally misrepresenting or substantially withholding information about the purposes and extent of the aid given.

I have a case in point. The nation I have in mind is Spain. We have spent nearly a billion dollars there and the Spanish people have not been informed as to the purposes and extent of our aid. Indeed, they have been told by their government that our aid has caused inflation in their economy. Our program has been misrepresented intentionally. This has been substantiated in the New York Times, and in the Christian Science Monitor.

There is no question about the withholding of information and intentional misrepresentation of our program. Franco in his New Year's speech this year used 8,000 words talking about the condition of his country and he gave no credit to the biggest single factor in the survival of his country as an economic unit, namely, our aid program.

In Spain today there is very little use of the Voice of America. Our ambassador's speeches are distributed on a very limited scale. But on the other hand, the Soviet Union beams in 8 radio stations—8 Soviet stations are heard regularly and clearly in Spain. We have none heard there.

Whatever you think about Franco, it is pretty clear that he is not going to be there for long and you may remember that he was not elected. He is not popular. The government that comes in will no doubt be closer to the people. It will be too bad if the new government turns out to be anti-American and will not allow us to use those bases. I have a letter from the State Department and I want to read one paragraph on this matter. It is dated January 29:

Our representatives in Spain have informed the Department of the degree to which the Soviet broadcasts are heard in Spain. These are broadcast by both Soviet and satellite transmitters and Communist exiles from Spain to the U.S.S.R. and are part of a massive, and presumably costly, Soviet effort to spread anti-American propaganda in Spain.

Then it says that budgetary considerations prevent us from doing that.

If this amendment were adopted, we would be telling Spain and other countries when we distribute our aid in their country that they cannot intentionally misrepresent its purpose and extent and they cannot withhold information about it.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I will only take about 1 minute to point out that this amendment is aimed directly at washing out the investment we have in our bases in Spain. Presumably, it is in line with the pronouncements of the gentleman which I read in the press when he was in Europe last week. He says that the reports are not correct. The press carried the statement that the gentleman made in an hour long speech advocating recognition of Red China. This would be right along the same lines.

The CHAIRMAN. All time for debate on the pending amendment has expired.

The question is on the amendment offered by the gentleman from Oregon [Mr. PORTER].

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 3, noes 131.

So the amendment was rejected.

Mr. POFF. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POFF: On page 14, immediately below line 12, insert the following:

"(f) Add the following new section immediately after section 517:

"SEC. 518. PROHIBITION AGAINST FURNISHING ECONOMIC AID TO FOREIGN COUNTRIES WHICH HAVE REDUCED INCOME TAXES.—None of the funds made available under titles II, III, or IV of chapter II of this Act, and none of the counterpart funds generated as a result of assistance under this Act or generated under any other Act, shall be used for furnishing assistance under such titles, or for furnishing economic assistance under any other Act, in any foreign country during the fiscal year following any fiscal year in which the income taxes imposed by such country upon its citizens have been reduced."

(Mr. POFF asked and was given permission to revise and extend his remarks.)

Mr. POFF. Mr. Chairman, simply stated, this amendment would deny economic foreign aid to those nations which have reduced their citizens' income taxes in the preceding fiscal year.

The amendment was patterned, both in principle and in language, after section 516 which was added to the act in 1958. Section 516 prohibits the use of foreign aid funds for "payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government."

It seems clear that the same economic, diplomatic, and policy considerations which justified section 516 justify this amendment.

At my request, the gentleman from Indiana [Mr. ADAIR] was kind enough to offer this amendment in executive session of the Committee on Foreign Affairs. As originally considered by the committee, the amendment applied not only to income taxes but to excise taxes as well. After consultation with members of the committee and several tax experts, I decided to confine the amendment to income taxes alone. Excise taxes affect the availability and salability of consumer commodities. It frequently happens that a nation finds it

advisable to reduce excise taxes, either generally or selectively, in order to increase consumption, encourage industrial growth, provide more jobs, broaden the general tax base and thereby increase the income tax yield. Accordingly, the amendment as it now reads applies only to income taxes, both individual and corporate.

From the best information available, only a few foreign nations reduced income taxes during the current fiscal year and would be affected by this amendment. Accordingly, the primary impact of the amendment will be largely prospective rather than retroactive. With this amendment a part of the organic foreign aid law, foreign nations will be forewarned about the effect of reducing their own citizens' responsibility to support their government.

One of the best yardsticks of a man's ability to make a gift is the ratio which his debts bear to his earnings. Where nations are involved, earnings are measured in terms of the gross national product. For the last years for which reliable figures are available, America's national debt was 63.5 percent of her gross national product. Stated differently, America owed 63.5 percent of her annual earnings. By comparison, Spain owed only 29.8 percent of her annual earnings; Cuba, 26.2 percent; Indonesia, 15.1 percent; and Venezuela, 0.1 percent. For the rest of the free world at large, the average figure per nation was only 39.6 percent.

Mr. Chairman, I want to emphasize that this amendment does not apply to military foreign aid. Neither would it affect the right of foreign nations to negotiate loans through international credit institutions or to obtain technical and other assistance through the United Nations, neither of which is germane to the legislation now under debate. This amendment applies only to those categories of American assistance commonly designated "economic aid."

This amendment does not represent a departure from the stated purpose of the Mutual Security Act. America's purpose has been to help others help themselves. When that purpose has so far succeeded that others no longer need to help themselves, the program has become self-defeating. American taxpayers, representing only 6 percent of the world's population, are shouldering a national debt greater than the debts of the rest of the nations of the world combined. American taxpayers, struggling against inflation at home and a soft currency abroad, are borrowing money to buy military security. American taxpayers have had only one general tax cut in the last 11 years and enjoy little hope of another in the near future. Just as American taxpayers should not be asked to finance debt reduction of foreign nations, American taxpayers should not be asked to finance income tax cuts for foreign taxpayers. Surely, it is not uncharitable to ask them to share their own load.

The CHAIRMAN. The gentleman from Ohio [Mr. HAYS] is recognized.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. At the conclusion of the statement of the gentleman from Ohio [Mr. HAYS]?

Mr. MORGAN. Yes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HAYS. Mr. Chairman, this amendment, of course, would have some appeal for home consumption; but what is the fact of the matter? I do not know what particular country it would be aimed at. I have heard Great Britain mentioned because the British have come up with a small reduction in their income tax.

The whole idea of the Marshall plan from the beginning was to put the nations of Western Europe back on their feet economically so they could buy their own products and buy our products and engage in world trade. As far as I am concerned I would like to reduce taxes in this country as well as anybody, and I think the time will come when we will.

People are always saying that the Europeans do not pay any taxes. If we had the kind of tax here that they have in some of the European countries, I suspect you would really hear a howl go up.

The British pay an excise tax of 50 percent on automobiles. The lowest excise tax they pay on anything except food is 5 percent. The British have some exemptions in their income taxes the same as we do. They have some basic exemptions comparable to our \$600 exemption. But where do the British start their tax? What percent is it after you take out the family allowance? You pay 42½ percent. That is in the low-income bracket. And because they have achieved enough of an economic stability to reduce it from 42½ percent to 37½ percent—get that, to 37½ percent—somebody says we ought to fix the law so that if a necessity arises we cannot do any business with them or cannot help them.

The truth of the matter is they are getting no economic assistance. There are no nations in Western Europe, except two, that are getting economic assistance. There are two nations in Europe getting economic assistance at the present time.

As far as I can see, this amendment would serve no purpose except a political one in this country and would have the effect of hamstringing the administration of this bill in case of an emergency which we cannot foresee now but which could possibly rise.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Minnesota.

Mr. JUDD. Does not the gentleman agree that in some of these less developed countries which have never had a modern or balanced tax system, one of the most important things necessary to give them a better chance for real economic development, is to make some tax

changes? Is it not also true that often by reducing taxes that are primitive or out of balance, the economy is stimulated with actual increase of their revenue and of their ability to provide more of their own needs?

Mr. HAYS. I agree with the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. POFF].

The amendment was rejected.

Mr. ROUSH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROUSH: On page 18, strike out line 8 and all that follows down through line 3 on page 19 and insert in lieu thereof the following:

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act for fiscal years ending after June 30, 1960, and within ninety days after the date of enactment of the Act making appropriations to carry out this Act in the fiscal year ending June 30, 1960, there shall be submitted a detailed budget, on a country-by-country basis, showing with respect to military assistance, defense support, technical cooperation, and special assistance, the specific programs and projects to be carried out in each foreign country, the commodities, equipment, services, and materials to be furnished to such country, and the purposes in detail, for which funds requested, and funds otherwise available, will be obligated during the fiscal year for which the requests are made. Such budget shall also be accompanied by a report which, with respect to each country, shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered in determining the level of aid for such country; the reason for including each such factor; an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country; a clear and detailed explanation of the force objectives toward the support of which such aid is proposed to be furnished for each such country; the method by which such force objectives were arrived at; and where the force objectives differ from the actual level of forces in any such country, an explanation, in detail, of the reason for the difference between such level of forces and force objectives. Except where the President determines that the national interest requires that funds available for programs and projects detailed in any budget submitted pursuant to this subsection be transferred in accordance with section 501 to other programs and projects, funds appropriated, and funds otherwise available, for any fiscal year shall be available only for the programs and projects proposed and commodities, equipment, services and materials to be furnished, as stated in the budget submitted for that fiscal year."

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ROUSH. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close 6 minutes after the gentleman uses his time.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. MORGAN]?

There was no objection.

(Mr. ROUSH asked and was given permission to revise and extend his remarks.)

Mr. ROUSH. Mr. Chairman, I am sorry that it is so late in the afternoon and that we are all just a little weary. I consider this a very important and far-reaching amendment. I have a brief summary on the page's desk in case you are interested.

Now, this is an amendment which you can in all good conscience support whether or not you favor or disfavor the principle of mutual security. It does not matter whether you sit on this side of the aisle or on the other side of the aisle, you can in good conscience support this amendment. It does not matter whether you are a spender or a saver, you can support this amendment. It is merely procedural.

Now, what is my amendment? My amendment, in very brief detail, does just this: It requires the submission of a firm detailed budget and it makes adherence to that budget mandatory on the part of the people administering this program. It places the budget presentation and adherence on exactly the same basis as a Federal agency administering domestic funds. It provides for a special provision for the fiscal year 1960 so as to furnish that same control and that same adherence.

Now, why do we need this? I recognize the fact that this committee has included in this bill new language which requires a more detailed submission of facts, but that language will do no good unless we can put some teeth in it. It is my thinking that this Congress is responsible for the administering of our taxpayer's dollar and that we have not assumed that responsibility in permitting an agency administering funds abroad to spend that money as they see fit.

Now, how many of you in this body have tried to construct a dam in your district? You know what torture you have to go through. You have to get the engineer to draw the plans. You have to get the approval of a committee. You have to get it included in the rivers and harbors bill. You have to bring it to the floor of this House. And, after it is approved, what else must you do? A lot of things. You have to get an appropriation. I have gone through that. Even though I have only been here 5 months, I know the complex procedures we go through. But, supposing they want to build a dam abroad, how would they build that dam? Why, a country would say we need a dam. ICA, if they agreed with their plans, would merely say all right we will build your dam, and they would build that dam. This Congress would have absolutely no control over the construction of that dam. I tell you what they want. They want what they call a post-audit system, whereby we sit here as a Congress and say "You did a good job last year, so now we will appropriate funds for next year." That is what they want and that is what they have. Oh, they have arguments against this. Of course they do. They say that the program needs flexibility. Well, would not an administrator of a Federal agency in this Government like that same flexibility? Would he not like to administer his funds as he sees fit and

not be subject to the control of this Congress? I will say he would. And yet we let our foreign aid funds be administered in a loose, haphazard manner which has caused us to be criticized all over this world; all the peoples of the world are critical and laughing at us because of some things that have happened in the administration of our mutual security program. All my amendment does is to require the submission of a firm budget and adherence to that budget. It gives the control of this expenditure of funds abroad to this Congress. And, I want to say to you that I believe it is the sense of this Congress that this is not to be an eternal program. Whether you are for or against the program, it does not matter; it is not to be an eternal program, and if we are ever to terminate it, then who is to terminate it except this Congress? But, as long as the people administering it are not subject to the control of this Congress, it will be a never ending program.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. ROUSH. I yield to the gentleman from Pennsylvania.

Mr. FULTON. What would you do in case a crisis came up like Lebanon and Jordan? What would your amendment do in that case? Would they have flexibility enough to handle it under the ICA?

Mr. ROUSH. Oh, they do not have to spend these funds under my amendment; I refer to funds available and their expenditure. Is it any different if a crisis occurs here in the United States of America within the framework of one of our domestic programs?

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. MORGAN. Mr. Chairman, of the remaining 6 minutes I ask that 3 minutes be given to the gentleman from Missouri [Mr. RANDALL].

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. RANDALL].

Mr. RANDALL. Mr. Chairman, the hour is very late, and I want to speak just a few minutes in support of the amendment offered by the gentleman from Indiana. I was back in the cloakroom a few moments ago talking with some of the Members of this House who said that they were not for the bill, but I can report to you that they said if this amendment was adopted, they would be for the bill.

Now, I want to cite just a few facts in support of the amendment. First of all I want to quote from an editorial which appeared in the RECORD back in March. It was headed "Waste, Don't Mention It." It seems as though there was some taboo, something unmentionable about giving any publicity to the facts and figures of these expenditures. This editorial said:

What happens to the billions spent on foreign military aid, however, is a secret. It is a secret from the American people themselves. These expenditures, country by country, are a mystery for security reasons.

I want to call your attention to volume II, page 1681, some testimony given be-

fore the Committee on Foreign Affairs, by the former President of the United States back in May of this year. Mr. Truman said:

I know there are problems about the way the program is administered. But, the answer to this is to try to improve the administration of the program, not to destroy the program itself.

I hope you (the committee) will encourage ways and means for the agency administering the program to keep the American people better informed as to how it is operating and what it accomplishes.

And second, and more important, it would increase the understanding of the American people as to the necessity for and the benefits of mutual security.

Unfortunately, the general public does not know a great deal about this program.

Most of the Members in this House at one time or another have held local office or State office. They know that they are held to a rigid budgetary program as to expenditures and after those expenditures, they have to voucher them and have to account for them. If they do not, there are criminal proceedings to see that they do. I think that is what the gentleman from Indiana has in mind by his amendment, and I urge you to support this amendment.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Let me tell you a little bit of the legislative history of section 537(f). Last year, during the debate on the mutual security bill, the original section 537(f) was suggested by the gentleman from Virginia [Mr. HARDY] and was accepted by the Committee on Foreign Affairs. We took section 537(f) to conference, and after many hours in conference came out with revised language. It was not satisfactory to the author of the amendment, the gentleman from Virginia. This year the gentleman from Virginia furnished the Committee on Foreign Affairs a copy of 537(f). That is now incorporated in the bill. On Tuesday, when the gentleman from Virginia was speaking in the well of this House, he said this:

I want to commend the Committee on Foreign Affairs for the revised language of section 537(f) as contained on page 18 of the bill.

This is the language of the gentleman from Virginia which is in the bill and which the proposed amendment would modify. We hope to take it to conference and to retain the language in the bill.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Virginia.

Mr. HARDY. I do think the language in the bill will do essentially what the gentleman from Indiana apparently wants his amendment to do. I do not see where the amendment which he proposes strengthens the language which the bill now has.

Mr. ROUSH. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. ROUSH. Does the language in the bill require an appearance before the budget and a submission?

Mr. MORGAN. The President is not going to do that, anyway. I think the gentleman's amendment would have a similar effect, but I think the restrictions he has in it makes it unworkable.

Mr. ROUSH. The gentleman evades my question. Does the present bill require a strict adherence to the budget submission procedure?

Mr. MORGAN. Not section 537 as now written, but it would not be effective in causing the President to do what the gentleman wants, anyway.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. Roush].

The question was taken; and on a division (demanded by Mr. Roush) there were—ayes 47, noes 111.

So the amendment was rejected.

Mr. MORGAN. Mr. Chairman, I move that all debate on this bill close at 6 o'clock.

The CHAIRMAN. The question is on the motion.

The motion was agreed to.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gross: On page 10, strike out all of lines 17 and 18.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

[Mr. GROSS addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would just like to say that the gentleman's amendment proposes to strike out the only moneymaking provision in this whole bill that I know of. These people can buy this insurance. Certainly, there will be a minimum of it in France or England. There is very little there. They can buy it by paying the premiums. Over 10 years it has made the Government a profit of \$3.5 million. It is the only thing in the whole bill that has made any money. I should think we should leave it in by all means.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, may I say to the gentleman from Iowa that he is in a good position to oppose this guarantee program because his State of Iowa is one of the States where no businessman or corporation has used this program at all since its beginning. Nobody in Iowa has used the U.S. guarantee program of private investments abroad. So I would like the good people of Iowa to look into the question and see what a good program it is.

I think the gentleman is doing a job here in calling this program to our attention and to the particular attention of the country including Iowa, so that some of us can explain it, although he does oppose the program. For example, this is to help private business abroad and to move our U.S. mutual aid from the governmental level into private business channels.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. HAYS. I think we have got the amendment defeated if the gentleman will just let us vote on it.

Mr. FULTON. Possibly the more time the less amendments.

Mr. WOLF. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to my friend the gentleman from Iowa [Mr. Wolf].

Mr. WOLF. I thank the gentleman for the kind words he said about the State of Iowa.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. GROSS. Does the gentleman know of anything in this bill for Pennsylvania except debt and taxes?

Mr. FULTON. Yes, I do. I would say that we in Pennsylvania are part of the great Commonwealth of Pennsylvania, and we are part of the United States of America, and we know that under this bill we have to protect the 250 U.S. defense bases around the world to be safe. We are against the "fortress America" concept where we let the enemy move into our very doorsteps before we act. It is better to strive and work for a world of progress and development of all peoples than to close our hearts and minds, and withdraw behind closed walls in fear of our fellow human beings who need our help and assistance to progress and peace.

I disagree with the gentleman strongly. I want to say that I believe this mutual security program will pass with a greater majority than it has ever passed before the present Congress, and I would like to bet the gentleman something on the order of a dollar, or some token like that, that it will.

Let me finish seriously by saying that this guarantee program has been successful.

Mr. HAYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HAYS. Mr. Chairman, I make the point of order that if it is not illegal, at least it is unethical to gamble on the floor of the House.

Mr. FULTON. The offer was not accepted.

The CHAIRMAN. The gentleman from Pennsylvania will remain in order and conclude his remarks.

Mr. FULTON. How much time have I remaining?

The CHAIRMAN. The gentleman has a short minute remaining.

Mr. FULTON. Seriously, this guarantee program is one I would like to sustain and that this committee has strongly recommended to the Congress.

I thank you.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

Mr. PORTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PORTER: On page 15, immediately below line 8, insert the following:

"(3) Add at the end of such section the following:

"(1) In employing or assigning personnel under this Act, no political test shall be required and none shall be taken into consideration.

"(2) Any person who violates the provisions of subsection (a) of this section shall be imprisoned not more than one year, or fined not more than \$5,000, or both."

(Mr. PORTER asked and was given permission to revise and extend his remarks.)

Mr. PORTER. Mr. Chairman, first I would like to tell the gentleman from Ohio that it is no secret on the floor of this House, that I believe our China policy needs revision and I trust others will help review it in due course. Also, I think it is very important that we be concerned about what the Spanish people think of us and our actions, and what the Chinese and other peoples think about our country. This has much to do with the attainment of peace, the great purpose of this bill.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield.

Mr. HAYS. I would suggest to the gentleman that the best answer to the people of Spain is to tell them that his amendment got three votes.

Mr. PORTER. Sometimes, as the senior Senator from my State has said, legislation takes 10 years for enactment. We have had just 7 hours today. This may be the beginning of a new and better policy.

The amendment before the House is to take the spoils system out of the employment and assignment of personnel employed under this act. There are 5,612 ICA employees. Sixty percent of them are under the Foreign Service Reserve and the Foreign Service staff, plus the consultants and personnel on loan. There are in all more than 4,000 people, 4,018 people overseas, none under civil service.

There is a provision on page 15 of the bill, lines 5 to 8, which reads:

To the maximum extent feasible, personnel appointed under this act to perform services outside the United States shall be appointed in accordance with the civil service laws.

I have checked this provision with the general counsel of the Civil Service Commission. He states that it is not feasible at all and will have no effect at all in protecting these people overseas from being affected by political considerations. There are no civil service employees overseas.

My amendment simply puts a penalty on what is already in the Foreign Service Act, namely, a provision against using a political test in employing or assigning personnel.

You might say this has never occurred? You would be wrong. Until April 1958, every employee of ICA who was going to get over \$3,100 had to be cleared through the Republican National Committee. I am not proud of that.

The name of the man who checked for that clearance was Mr. Gillen, and before him the checking was done by a lady by the name of Betty Crites. Everyone seeking employment in ICA had to be cleared politically.

We want to have a good law. We do not want to have a political test. If you put this penalty in here saying any person who violates the provision of subsection (a), and subsection (a) is already in the law, and the State Department agrees with it, it will improve the bill.

We do not want political tests. I do not think anyone wants a political test involving a person working under this bill. All this amendment does is put teeth in this law. If you believe that politicians should not decide who gets to go overseas to spend and to supervise the spending of these great amounts of money, then you should vote for the penalty that I am seeking to put into the law by my amendment. We do not want to have politicians deciding what people go overseas. We have had that situation in the past. That is why James H. Smith, Jr., was not appointed Secretary of the Navy. He abolished the political test in April 1958, due to pressure I think I put on, he changed this, and as a result he was not recommended by Mr. Alcorn to be Secretary of the Navy, and he did not become Secretary of the Navy. A sad story for him and for the taxpayers.

I had an equivocal answer the other day from the new Director of ICA as to whether he is going to use the old political clearance method. I think we should make sure that political tests are not going to be used. We should provide a penalty for violations of a well-settled policy against the spoils system in these circumstances.

I say to the gentleman from Pennsylvania that I will ask for a division on this vote.

Mr. MORGAN. Mr. Chairman, section 1005 of the Foreign Service Act already provides what the gentleman is requesting.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Oregon.

Mr. PORTER. It does not provide any penalty. It has no teeth in it.

Mr. MORGAN. It provides that no political test shall be required.

Mr. PORTER. Yes, but it does not provide a penalty.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. HAYS. As I understand the gentleman's amendment, if, as the polls show, we win in 1960, we cannot fire any Republicans and put Democrats in, can we?

Mr. MORGAN. Mr. Chairman, I think what the gentleman is trying to do is already incorporated in both the Civil Service and the Foreign Service Acts, and I therefore ask that the amendment be defeated.

Mr. FULTON. Mr. Chairman, the distinguished chairman of the Committee on Foreign Affairs is exactly right. This amendment is already covered by language in the bill. The only difference is the gentleman from Oregon wants to put a very severe penalty in. Our committee has decided against that. I might further state that one of the

reasons it is not necessary is because the distinguished Mr. James W. Riddleberger, our former U.S. Ambassador to Greece, a career man in the State Department, is the man who is the new Director of the ICA and will do a good job. I know him personally. He is a fine fellow.

Mr. PORTER. If it is not necessary because it will be enforced, then there will be no political tests, so why do you fear the consequences if we put teeth in it?

Mr. FULTON. I have firm confidence in Mr. Riddleberger who is going to be the new ICA Director. I do not think we should find him guilty beforehand. Therefore, I oppose the amendment, as does the whole Committee on Foreign Affairs. There is no one on the committee who is for this particular amendment. So, I too, will join the gentleman and ask for a division.

Mr. COLLIER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the debate on the mutual security program, which has extended over the past 3 days, has been punctuated with emotionalism, conflicting opinions, and conjecture—as a matter of fact, there is even a conflict in the basic purpose of many parts of the program itself.

I think the time is long past due to peel away the shell of inconsistency and vague intentions of the overall picture of foreign aid and get to some agreement on its purpose.

There are many folks who believe in foreign aid because it is basically benevolent from a humanitarian standpoint.

Others insist, in view of the military expenditure, that it is essential to our security as a Nation and even our mutual security.

And there are others that take the position that it is a parcel embracing all of these things.

However, I believe we must determine whether this security is necessary as a force of opposition to the tyranny of communism and as a means of preserving our free way of life.

Just yesterday this House defeated by a margin of 10 votes an amendment which would have withdrawn any assistance to Yugoslavia, a nation that is lock, stock, and barrel Communist.

Communism, whether it is in Russia or Yugoslavia or anywhere else in the world, represents a system which deprives the individual of his freedom and any part of those things which are and have been our great American heritage.

How then, in good conscience, can we sit in this House and approve a program which embraces assistance to Yugoslavia, where thousands of people have had their homes and possessions taken away from them, where children are indoctrinated with communism and all of its godless ideologies and even contend by any stretch of the imagination or justification the basic purpose and principle of this program?

If we are to assume that because Tito has, as some people put it, acted independently of the Soviet Union, then we are simply saying, in sum and substance, that the man who commits a crime should not be punished simply because

he is not part of the big crime syndicate.

For whatever many other reasons there might be for opposing this program, none is more flagrant in inconsistency than this particular phase of it.

If there is a ruffle of any nature in our own national affairs, whether it be in the area of racial discrimination or in the effect of any particular legislation, there are those who repeatedly reflect a concern over the effect upon the nations of the world who look to America as a show-piece of democracy.

Yet I have heard no one even mention how a program which subsidizes a Communist country might look to those nations which we are so concerned in teaching the ways of democracy?

Can this possible be construed by any of these nations as sincerity of purpose?

Regardless of what I might say, this program will go through in its original form and Communist Yugoslavia will continue to be the beneficiary of American tax dollars.

But it makes it none the less wrong.

If freedom from tyranny and suppression is the foundation upon which we have built a democracy, certainly no one can deny that assistance to Yugoslavia, as provided in this bill, shatters this principle and leaves as the purpose of the program an expediency which does not speak well for the spirit so frequently extolled as the basic virtue of democracy on the floor of this House.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon [Mr. PORTER].

The question was taken; and on a division (demanded by Mr. PORTER) there were—ayes 7, noes 129.

So the amendment was rejected.

Mr. BROOKS of Louisiana. Mr. Chairman, I rise to speak on section 401(b) of the bill as amended in committee. This would authorize the President, at his discretion, to use foreign currencies available to the United States "for science and research, including the translation of scientific books and treatises."

Mr. Chairman, this is a most important amendment and one which, in my opinion, should be approved by this body.

While I cannot, of course, speak for each member of the committee which I have the honor to chair, I believe that I can safely say that each of us on the Committee on Science and Astronautics has been greatly impressed in recent months with the tremendous importance which scientific research is coming to have for the welfare of our Nation. And it is an importance that is very nearly all-encompassing—which has great meaning for our national defense, for the economic health of the country, for our industrial progress, and for the political stature of the United States in its dealings with the international community.

Mr. Chairman, the Committee on Science and Astronautics—which began to function on a permanent basis only in January of this year—has been especially industrious during these past 6 months. We have tried to inquire into all forms of scientific research and de-

velopment, Government and non-Government, in order to inform ourselves not merely on the present status of scientific research in the United States, but on our needs and potentialities in this field. I believe we have done a pretty good job so far in getting the picture.

So let me say this: On the strength of what we have learned, I—for one—am convinced that we cannot overemphasize the significance which scientific research holds for the American people, nor can we afford not to take advantage of the very considerable scientific competence of our friends abroad.

If there is one thing the inquiries of our committee have taught us, it is that the United States has no monopoly on technical talent. Indeed, our scientists need and want the cooperation of their colleagues elsewhere in the free world just as much as foreign scientists desire our aid.

I submit, Mr. Chairman, that these facts add up to a compelling reason for adopting this section of the bill.

It has become common knowledge, among those of us who have been living with the problems of scientific research and development, that many foreign scientists in the free world are unable to make the great technical contributions of which they are capable simply because the support they must have is not available in their own lands. It has also become common knowledge that American scientists, engineers, and technicians are often deprived of vital information and data because some of the best scientific work being done abroad fails to reach them. There is a breakdown in communications, a failure to translate and disseminate these foreign studies.

It seems to me that this section of the bill will be of real help in overcoming both these conditions if we are to have a continuation of this program. I can think of no better way to use the currencies available under the act. Certainly they will be invaluable in the tangible ways I have suggested. They should likewise have a positive intangible value in advancing the American cause of peace and in the crucial matter of promoting lasting friendship among the world's scientific fraternity.

Mr. GALLAGHER. Mr. Chairman, the executive request for the contingency fund for fiscal year 1960 was \$200 million. The committee authorized \$100 million, which is a reduction of \$100 million below the executive request and \$55 million below the amount appropriated last year for this purpose.

A further cut beyond that made by the committee might result in serious difficulties for the program.

The purpose of the contingency fund is to provide funds for, first, anticipated program requirements which are not firm at the time of the congressional presentation; and, second, unforeseen contingencies.

The first category, that is, anticipated requirements which are not firm, would occur when the executive branch is considering furnishing either military or economic aid to a country which is not currently in the program or is considering a sharp increase in aid to any recipi-

ent nation. It would be unsound programming practice to include funds for needs which are not firm. If this were to be done the result would be unnecessary appropriation and authorization for programs which might never materialize.

The second type of need, that is, unforeseen contingencies, is self-explanatory. Among such contingencies would be hostilities in any area resulting in increased requirements for military and economic assistance. As a result of the hostilities in Taiwan, additional assistance is being furnished from the contingency fund. Additional assistance was also necessary for Lebanon as a result of the crises in that country. Other types of contingencies, such as floods, earthquakes, other natural catastrophes and sudden deterioration of economic conditions in a country vital to the defense of the free world, may very well require immediate action on the part of the U.S. Government.

It might be possible to meet these needs from regular program funds, but to do so would mean that previously authorized programs would have to be disrupted and the entire mutual security program might have to be revised. Such a program is obviously contrary to good management policy.

Further cuts in the contingency fund would not be justified. Fiscal year 1958 was the first year in which a special fund was set aside for contingencies. In that year the Congress appropriated \$225 million to meet the purposes of this contingency fund and certain other requirements. Of the \$225 million, \$149 million was used to meet contingency requirements such as those which would be covered under this section. In fiscal year 1959 the Congress appropriated \$155 million for contingency purposes. As early as February 17 of this year, \$106.8 million of the contingency fund had already been programmed. This left only \$53 million to cover requirements arising during the last part of the fiscal year.

Under these circumstances it is obvious that by careful management the executive branch would be able to get by with \$100 million for the contingency fund. On the other hand, past experience clearly demonstrates that any cuts below the \$100 million mark will have adverse effects on the conduct of the mutual security program.

The committee action was based on the feeling that since the contingency fund covers both economic and military assistance the change in emphasis might reduce requirements for increased military assistance. Furthermore, it was believed that good management could probably reduce requirements under this section. On the other hand, the committee cannot prevent contingencies from occurring and if they do funds must be available to meet them.

Uses of the contingency fund for fiscal year 1958 and the programmed purposes for fiscal year 1959 are found on pages 142 through 147 of the red World-wide Book. Among the anticipated uses for the current fiscal year are extra economic aid required by the Turkish economic crisis, extra defense support for

Greece, increased payments for bases, additional payments to Jordan, emergency relief in Indonesia and Singapore, and so forth.

This fund is vital to our national security and I urge its passage.

Mr. DONOHUE. Mr. Chairman, there will be few, if any, measures more important to our national security and world peace, that will come before us this session than the Mutual Security Act we are presently considering.

The distinguished chairman of the Foreign Affairs Committee and the able and industrious Members of that committee have indeed labored long and hard to present a reasonable bill to this body. Although it may not meet with unanimous agreement in all its provisions the committee is to be congratulated for their energetic, conscientious and patriotic work.

The reductions that the committee has made in many of the items, although much less than a great many of us would like to see, are nevertheless a real step in the right direction. We have a chance, by amendments, to make further reductions, and I hope that will be done.

The increase in the Development Loan Fund, in my opinion, is well warranted and I personally feel that this phase of the program, together with other features, of economic aid constitutes a sounder investment for us and promises a more lasting and loyal allegiance from the smaller nations so assisted.

The provisions the committee inserted in this bill to improve the administration of the program are timely and essential. The provision requiring more specific information from the executive branch in presenting future requests is to be especially applauded. If there has ever been one truly legitimate indictment of this program and one which has aroused the greatest criticism of the membership here, it is the unfounded and unwarranted attempts at secrecy of the extravagance and waste in this whole aid setup, which we have too often had to learn from sources outside the administration.

If Congress is to legislate in conscience and patriotism and intelligence we must be provided with all the information, good and bad, to do so. In my judgment the administration has a very high obligation to place full information before us and they have unfortunately and ostinately too often and too much failed in that obligation, thereby dangerously and unnecessarily periling the reasonable continuation of the program. Let us hope they will be wiser in the future.

Let us also hope that those who have been the loudest in bemoaning the advocated reductions in this bill and extolling the fullest expenditures will be just as considerate of our own American taxpayers when the time comes to grant assistance to them in our domestic programs. Some of these sincere but misguided people apparently dismally fail to realize that without the existence of a high morale among our citizens neither this program or any other will ever be successfully maintained.

While, in the interest of our overburdened and overtaxed citizens, we perseveringly work toward continuing reductions and the early end of all give-away phases of this foreign-aid program, the present bill merits the fullest consideration of this body and I am sure you will all judge it, in your own conscience, on its necessity to the survival of ourselves and the free world.

Mr. ALGER. Mr. Chairman, nothing learned during debate has disproved the need stressed yearly in the minority report accompanying mutual security that this program is long overdue for review, appraisal and reconsideration in the light of well understood and clearly stated U.S. self-interested policy.

Study of the hearings, the report, and listening to the debate has resulted in an accumulation of rather damning evidence that foreign aid is off the track and is self-defeating. Here are some of the criticisms which impress me and which together show the imperative need for a complete reevaluation of this program before we appropriate any more of the taxpayers' money:

First. A temporary program has become permanent without being called permanent.

Second. In the Development Loan Fund, and generally throughout the program, Congress has progressively abdicated its constitutional control.

Third. There are too many examples of waste and inefficiency, graft and corruption.

Fourth. The program is too costly in view of the U.S. debt and continued deficit financing, weakening of U.S. currency, and loss of gold. It is ridiculous to extend grants and loans when we are borrowing what we are giving away.

Fifth. The economic development of other nations using U.S. taxpayers' money has built industrial competition which threatens U.S. industry, like cutting your throat to give someone else blood.

Sixth. The self-perpetuating bureaucracy in 11 years has grown from 450 to over 12,000 people.

Seventh. We are subsidizing and promoting foreignisms which are in deadly competition with the very survival of capitalism and free enterprise. We subsidize and build Socialist and Communist nations, and in many nations our money is used to nationalize industries or spent on projects and in ways in which we in the United States will not permit Federal money to be spent. For example, Yugoslavia, Poland, India.

Eighth. We are confusing the humanitarianism of charity, which is people-to-people, that is person-to-person, with diplomatic and foreign policy aims, which is healthy self-interest in obtaining national objectives, not charity.

In summary of these criticisms, which are only a partial list, the following facts are inescapable.

First. That our Government intends that foreign aid shall be continuous and global.

Second. That the threat of Communist aggression rules out our continuing to dispense lavish foreign aid when our own economy is threatened and our defenses are inadequate.

Third. That in a number of recipient countries our foreign aid helps to strengthen political systems hostile to our own.

Fourth. That our foreign aid speeds rather than retards the growth of communism; it inflates our economy; it is partially responsible for the alarming flight of gold from our control; it is destroying our foreign markets and increasing unemployment among American workers.

Fifth. That by the very nature of the foreign aid we extend it must be inefficient and wasteful.

Sixth. That our governmental foreign-aid program is unsound in principle.

Therefore, I would suggest these recommendations:

First. That our traditional generous private charity and governmental grants to relieve disaster be continued; that we encourage the expansion of our private missionary efforts.

Second. That in countries which we are morally obligated to defend and which are directly threatened with Red aggression, military assistance—for the time being—should be continued but on a realistic basis.

Third. That foreign aid which directly or indirectly promotes governments that are hostile to our constitutional concepts of government be terminated immediately.

Fourth. That so long as governmental foreign aid is continued the recipient should pay a part of the cost of the proposed project; that our aid should terminate when the conditions on which that request is based have been remedied; that private technical, scientific, and educational assistance be extended only to friendly peoples who seek our aid on a cash or loan basis.

Fifth. That until foreign aid is terminated, the Congress take steps properly to exercise close supervision and control over the manner in which all foreign aid funds are being spent; that all future economic aid, plus what can be salvaged from unexpended foreign aid funds, be diverted to and handled by the Export-Import Bank.

Sixth. That the \$3.9 billion requested by the President for the fiscal year 1960 be reduced \$2 billion, and that each year thereafter foreign aid be substantially reduced until terminated within 3 years.

Congress should follow the advice of those Members writing the minority report and set up a bipartisan Commission to make a thorough investigation of foreign aid. The Comptroller General should be empowered also to make further studies in conjunction with the work of this Commission. This study should be made before we appropriate any more money in the mutual security foreign aid program.

Mr. DIGGS. Mr. Chairman, one of the most significant developments with regard to the proposed Mutual Security Act of 1959 is its new emphasis upon economic assistance. I think this ought to be most gratifying to those who have recognized, on the one hand, how essential it is to the interest of our own national defense and as the only realistic

approach to the building of peace in the world that we continue the mutual security programs, yet, on the other hand, have felt great concern over the lack of balance between the military and economic aspects of our programming.

The reasons for military assistance continue just as important today as they were at inception of the mutual security programs. There is no lessening of the Communist military threat to the survival of the free world. Military assistance must be continued, but in many parts of the world our present emphasis upon this type of aid has resulted in excesses and misallocations which have adversely affected our basic aim concerning an interdependent allied free world. The revised foreign-aid bill now on the floor, however, contains new standards that would tend to curtail such excesses by granting military aid, in general, to those countries actually endangered by Communist aggression or infiltration and, upon findings reported to Congress, to such other countries as might be deemed by the President to need such aid. It is hoped that in some areas, such as in the Latin American hemisphere, where some adverse effects have been felt, there may be a gradual reduction of military armament grants with the ultimate goal of termination of the grant program.

The bill on the floor, while authorizing \$1,440 million of the \$1,600 million budget request for military assistance for allies, wisely recognizes that in the end peace in the world can only be achieved as we aid allies of less-developed nations to maintain and strengthen their own political and economic bases. In this connection, a firmer approach to this end has been established so that economic and technical assistance is placed in the major context it warrants. New standards have been set up here, also, to assure the most effective use of resources in those countries where governments are endeavoring to respond to the long-range economic, political, and social aspirations of their people; where they recognize that the achievement of economic development requires the effective mobilization of internal resources; and where they can demonstrate that assistance from the United States contributes to a practical set of long-term economic objectives developed by the country of the borrower.

Despite the yearly opposition to foreign aid programs, it has been of particular interest to me to note the strong trend toward getting down to the very essence of assistance programming. President Eisenhower, Adlai Stevenson, Vice President Nixon, and a host of other concerned people, have recently couched the case for strong foreign aid programs in terms of moral responsibility. They have pointed out that the United States must prove to other peoples that Free World democracy is infinitely superior to communism in providing for man's material needs. They have pointed out that the major problems of our day, in national and international affairs, present themselves in moral terms—that is, responsibility for the economic and social welfare of fellowmen—and, as a consequence, it is the quality of the

people's moral response to such issues which is the decisive factor in governmental affairs.

The realities of the situation are these: There are revolutionary changes taking place in many areas of the world still free of Communist control. One-third of the world's people live in these areas which are classified as "less-developed countries". And many of these less-developed countries have only recently achieved their independence, while others are on the verge of independence. Another one-third of the world's population are inhabitants of Communist dominated countries. The monumental fact we cannot get around is that the major issues concerning all of these peoples are issues of economic development and how the goals desired can be attained through political organization. When we talk about an ideological war with the Communists, we are talking about a struggle to establish under what concepts and principles of government men have the greater potentiality for achieving freedom from economic and social oppression. This is foremost because it is out of government that economic and social oppression, or freedom from economic and social oppression, results. Hence, the recurring overthrow of governments in certain areas of the world to try out new ones.

The peoples of these areas are, indeed, determined to improve their standards of living, their health and education, and they are determined to govern their own destinies and to achieve dignity and self-respect. Within Communist Russia, this has resulted in a phenomenally successful crash-program of economic development. Moreover, the Communist bloc has undertaken broad programs of economic and military assistance in underdeveloped areas of the world, in an attempt to extend its ideology and its moral response to world need. It has made credit and grant agreements, particularly stressing economic assistance, of more than \$2 billion to some fifteen or more free world countries. Its determined end is to gain control of such countries by economic penetration. This leaves us to face the fact that if we, as a free world democracy, do not rise to these moral issues, our very failure to do so will be a decisive factor in world political affairs.

As our distinguished colleague the gentleman from Massachusetts [Mr. O'NEILL] pointed out yesterday:

The United States is today responsible for about half of the entire production of the earth, producing and consuming in this country as much as all other countries in the rest of the world combined. We are being asked to set aside to lend to underdeveloped countries of the free world in Development Loan Funds about one-fourth of 1 percent of this tremendous outpouring of machines, consumption goods, services, and agricultural products—and we are still in a time when our standard of living is rising by the year.

The legislation we are now considering authorizes new capital of \$800 million for the Development Loan Fund, \$100 million above budget request. It also authorizes technical assistance of \$179.5 million and an additional \$30 million as

the U.S. share of United Nations technical assistance; \$250 million in special assistance to 16 areas for health and education and for maintaining U.S. base rights; and other contributions to the United Nations Children's Fund and atoms for peace program. The program for technical cooperation will, for example, amount to \$23,700,000, for an increase of \$6,369,000 in Europe and Africa over the present year. Practically all of the increase relating to the African portion of the program resulting from new programs in Morocco, Tunisia, Ghana, Somalia, Nigeria, and the British East African territories, and emphasis on multicountry projects for Africa south of the Sahara, and the expansion of programs in Ethiopia and Liberia. This, particularly, is a gratification, for it indicates a growing awareness of the revolutionary potential upon world affairs of the emergence of the nations of this vastly populated continent into independent status. From the negative approach, we cannot afford to leave Africa prey to Communist entanglements resulting from economic and military assistance. Its military and strategic importance to free world defense is beyond question. From the positive approach, we should be sharing Africa's aspirations for freedom and the opportunity to live in dignity under government self-determined.

In other vitally important areas, such as the Near East and South Asia, the 1960 program is estimated at \$50,600,000, for an increase of \$8,722,000 over the present year; the largest increase being for Sudan which is less than 2 years old and in a phase of rapid expansion. Major increases are also included for Pakistan and India.

The Far East region is programed at \$36,700,000, for an increase of \$4,250,000, resulting from expanding programs primarily in Vietnam, Indonesia, and Korea. A decrease, however, is proposed for the program in Japan.

For Latin America, the total program amounts to \$45,200,000, for an increase of \$9,050,000, with substantial expansions proposed in the Brazil program.

Mr. Speaker, this new emphasis of our foreign aid programs should be tremendously encouraging to all of us as we view the current world situation of continued tension and understand its basic causes and will ourselves to a realistic approach to the prospect of peace. The bill which has come from the Foreign Affairs Committee, of which I am honored to be a member, incorporates a constructive and strong military and economic program—both of which we must have properly in balance. This bill has heartening bipartisan support and I fervently trust for the welfare of all the freedom-loving peoples of this Nation and of the world, it will receive the resounding endorsement of this body. It would be a tremendous free world tragedy, if in the name of economy—that about which this bill is so rightly and gravely concerned as it relates to other peoples of the world—these programs were heedlessly bludgeoned.

The CHAIRMAN. Are there any other amendments?

Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, pursuant to House Resolution 293, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mrs. CHURCH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentlewoman opposed to the bill?

Mrs. CHURCH. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mrs. CHURCH moves to recommit the bill H.R. 7500 to the Committee on Foreign Affairs for further consideration.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. GROSS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 271, nays 142, answered "present" 1, not voting 20, as follows:

[Roll No. 92]

YEAS—271

Addonizio	Buckley	Dollinger
Albert	Burdick	Donohue
Anderson,	Burke, Ky.	Dooley
Mont.	Burke, Mass.	Dorn, N.Y.
Anfuso	Bush	Downing
Arends	Byrne, Pa.	Doyle
Ashley	Byrnes, Wis.	Dulski
Aspinall	Cahill	Dwyer
Auchincloss	Carnahan	Edmondson
Avery	Carter	Elliott
Ayres	Celler	Evins
Baker	Chamberlain	Fallon
Baldwin	Chenoweth	Farbstein
Barrett	Chiperfield	Fascell
Barry	Clark	Feighan
Bass, N.H.	Coad	Fenton
Bates	Coffin	Fino
Baughart	Conte	Flood
Becker	Cook	Flynn
Beckworth	Cooley	Fogarty
Bennett, Fla.	Corbett	Foley
Blatnik	Cramer	Forand
Boggs	Curtin	Ford
Boland	Curtis, Mass.	Frazier
Bolling	Daddario	Frelinghuysen
Bolton	Dague	Friedel
Bowles	Daniels	Fulton
Boyle	Davis, Tenn.	Gallagher
Brademas	Dawson	Garmatz
Breeding	Delaney	Gary
Brewster	Derounian	George
Brooks, Tex.	Diggs	Giaino
Broomfield	Dingell	Glenn
Broyhill	Dixon	Goodell

Granahan	McGovern	Rhodes, Pa.
Green, Oreg.	Machrowicz	Riehlman
Green, Pa.	Madden	Rivers, Alaska
Griffin	Magnuson	Roberts
Griffiths	Mahon	Robison
Gubser	Maillaird	Rodino
Halleck	Marshall	Rogers, Colo.
Halpern	Martin	Rogers, Mass.
Hardy	Matthews	Rooney
Hays	May	Roosevelt
Healey	Meador	St. George
Hechler	Merrow	Santangelo
Hess	Metcalf	Saund
Hollifield	Meyer	Schenck
Holland	Miller, Clem	Schwengel
Holtzman	Miller,	Selden
Horan	George P.	Shelley
Hosmer	Miller, N.Y.	Sheppard
Huddleston	Milliken	Simpson, Pa.
Ikard	Mills	Sisk
Irwin	Monagan	Slack
Jackson	Montoya	Smith, Iowa
Jarman	Moorhead	Smith, Miss.
Johnson, Calif.	Morgan	Spence
Johnson, Colo.	Moss	Springer
Johnson, Md.	Muiter	Staggers
Johnson, Wis.	Mumma	Stratton
Jones, Ala.	Murphy	Stubblefield
Jones, Mo.	Natcher	Sullivan
Judd	Nelsen	Taber
Karsten	Nix	Taylor
Karh	Norblad	Teague, Calif.
Kastenmeier	O'Brien, Ill.	Teller
Kearns	O'Brien, N.Y.	Thompson, N.J.
Kee	O'Hara, Ill.	Thornberry
Keith	O'Hara, Mich.	Toll
Kelly	O'Neill	Tollefson
Keogh	Oliver	Trimble
Kilburn	Osmer	Udall
Kilday	Ostertag	Ullman
King, Calif.	Patman	Vanik
King, Utah	Pelly	Van Zandt
Kirwan	Perkins	Vinson
Kluczynski	Philbin	Wainwright
Kowalski	Pillion	Wallhauser
Lafore	Pirnie	Walter
Lane	Porter	Watts
Langen	Powell	Weis
Lankford	Price	Westland
Lesinski	Prokop	Widnall
Levering	Pucinski	Wier
Libonati	Quile	Wolf
Lindsay	Quigley	Wright
Loser	Rains	Yates
McCormack	Randall	Younger
McDowell	Ray	Zablocki
McFall	Reuss	Zelenko

NAYS—142

Abbutt	Dowdy	Mack, Wash.
Abernethy	Everett	Mason
Adair	Fisher	Minshall
Alexander	Flynt	Mitchell
Alford	Forrester	Moeller
Alger	Fountain	Moore
Allen	Gathings	Morris, N. Mex.
Andersen,	Gavin	Morris, Okla.
Minn.	Grant	Moulder
Andrews	Gray	Murray
Ashmore	Gross	Norrell
Bailey	Haley	O'Konski
Baring	Hall	Passman
Barr	Hargis	Pfost
Bass, Tenn.	Harmon	Pilcher
Bennett, Mich.	Harris	Poage
Bentley	Harrison	Poff
Berry	Hemphill	Preston
Betts	Henderson	Reece, Tenn.
Bonner	Hiestand	Rees, Kans.
Bosch	Hoever	Rhodes, Ariz.
Bow	Hoffman, Ill.	Riley
Bray	Hoffman, Mich.	Rivers, S.C.
Brock	Hogan	Rogers, Fla.
Brooks, La.	Holt	Rogers, Tex.
Brown, Ga.	Hull	Roush
Brown, Mo.	Jennings	Rutherford
Brown, Ohio	Jensen	Saylor
Budge	Johansen	Scherer
Burleson	Jonas	Scott
Cannon	Kilgore	Shipley
Casey	Kitchen	Short
Cederberg	Knox	Sikes
Chelf	Laird	Siler
Church	Landrum	Simpson, Ill.
Collier	Latta	Smith, Calif.
Colmer	Lennon	Smith, Kans.
Cunningham	Lipscomb	Smith, Va.
Curtis, Mo.	McCulloch	Steed
Davis, Ga.	McDonough	Teague, Tex.
Dent	McGinley	Thomas
Denton	McIntire	Thompson, La.
Derwinski	McMillan	Thompson, Tex.
Devine	McSween	Thomson, Wyo.

Tuck	Weaver	Williams
Utt	Wharton	Winstead
Van Pelt	Whitener	Young
Wampler	Whitten	

ANSWERED "PRESENT"—1

Herlong

NOT VOTING—20

Barden	Durham	Morrison
Belcher	Hagen	Rabaut
Blitch	Hébert	Rostenkowski
Boykin	Kasem	Willis
Canfield	Macdonald	Wilson
Cohelan	Mack, Ill.	Withrow
Dorn, S.C.	Michel	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Dorn of South Carolina against.

Mr. Mack of Illinois for, with Mrs. Blitch against.

Mr. Herlong for, with Mr. Barden against.

Mr. Wilson for, with Mr. Belcher against.

Mr. Rabaut for, with Mr. Michel against.

Mr. Cohelan for, with Mr. Withrow against.

Until further notice:

Mr. Morrison with Mr. Canfield.

Mr. HERLONG. Mr. Speaker, I have a live pair with the gentleman from North Carolina [Mr. BARDEN]. I voted "yea." If he were present he would have voted "nay." I therefore withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CORRECTION OF RECORD

Mr. CARNAHAN. Mr. Speaker, I ask unanimous consent to correct my statement in the RECORD of June 17, page 9994, the last paragraph assigned to me in the first column. The first sentence of that paragraph should read as follows:

The unobligated money that is available at the present time to use in further extending the military program is only \$46 million. This is the amount of carryover in the military assistance program.

In the last sentence, the figure \$46 billion should be changed to \$46 million.

The SPEAKER. Without objection, the permanent RECORD will be corrected accordingly.

There was no objection.

CORRECTION OF ROLL CALL

Mr. STEED. Mr. Speaker, on the roll-call on the wheat conference report today I am recorded as voting "nay." I voted "yea," and I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

DISPOSAL OF CERTAIN OBSOLETE LOCKS AND DAMS OF THE BIG SANDY RIVER, KY.-W. VA.

Mr. PERKINS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 5515) to

amend the 1956 act authorizing the disposal of certain obsolete locks and dams on the Big Sandy River, Ky.-W. Va., for the purpose of increasing the authorization relating to dam numbered 3 on the Big Sandy River, Ky.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act to provide for the disposal of federally owned property at obsolescent canalized waterways and for other purposes", approved August 6, 1956 (70 Stat. 1062), is amended by striking out "\$50,000" and inserting in lieu thereof "\$100,000".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROVIDING THAT THE SEVERAL STATES SHALL NOT IMPOSE TAXES IN RESPECT OF INCOME DERIVED FROM CERTAIN INTER-STATE ACTIVITIES

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the bill (H.R. 7715) to provide that the several States shall not impose taxes in respect of income derived from certain interstate activities, introduced by the gentleman from Connecticut [Mr. KOWALSKI] on June 12 last and referred to the Committee on Ways and Means, be rereferred to the Committee on the Judiciary.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

GENERAL PERMISSION TO EXTEND REMARKS

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill H.R. 7500.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

REPRESENTATIVE GOVERNMENT

The SPEAKER. Under previous order of the House, the gentleman from Missouri [Mr. CURTIS] is recognized for 60 minutes.

(Mr. CURTIS asked and was given permission to revise and extend his remarks.)

Mr. CURTIS of Missouri. Mr. Speaker, there are two theories of representative government. One, that the representative whom the people elect should reflect the thinking of the people who elect him. The other, that the representative should reflect his own judgment of what is best for the people.

I believe these are not inconsistent theories in practice. Who, indeed, knows what the people of a congressional district think, even with a great variety of public opinion polls? What the people think is a matter of judgment on the part of the representative. On the other hand, the representative seeking to reflect his own judgment does so on the basis of the information which he obtains in his capacity as a representative and which if it becomes available to his constituency will tend to make their judgment the same as his. Certainly, if he is truly a product of and close to his community this will be so.

Perhaps there is a third theory of representative government that needs expression. That is the one that says a representative should regard his constituency, those citizens able to vote, as trustees for all the people of the district whether they are of an age or capacity to vote or not, and a trustee of the future generations who cannot vote. Of course, if those able to vote do not look upon themselves as trustees, a representative who regards his duties in this light will probably not long remain a representative. However, I have taken that point of view and though my political existence has been precarious, I have survived.

In the United States today representative government requires the representative, whatever theory he may hold as to his duties, to gather together whatever information he can on the subjects that come before him in his representative capacity for guidance in the action he must take. If his constituency never find out any information beyond that which they already know on the subject he probably can relax and vote on the basis of his limited knowledge and still get reelected.

However, the representative does run the risk of his constituency finding things out and so changing their opinion on an issue. This will leave him in the position of having acted contrary to their newly formed judgment. And it is the newly formed judgment that reelects Congressmen, not the old judgments.

But to revert to my point. I believe that representative government if it is to work in America today requires that the representative do his best to inform himself on the issues that come before him for action. If the people whom he represents are to participate in their Government through him he must, as best he can, pass back to them the information he has gathered.

Another way of putting the matter is this. The people of any community are rather fully occupied making a living, raising children, keeping a home, and doing this and that in the community. They do not have the time to find out the facts and arguments that are involved in the many issues, simple and complicated, that face the Nation, and the National Government. Accordingly, they pick someone from the community and designate him to be the one who is to find out what the situation is. If this is what a representative is, of course he has no business putting his ear to

the ground just trying to figure out what his people are thinking. He has a duty to find out what the facts and arguments are, act upon this study and then report back to the people who sent him what he found out and why he did what he did.

Maybe this is a new concept of a representative. I think it is. But I certainly believe that in this day and age this particular approach is basic if we are to preserve government of, by, and for the people. I have ofttime remarked that we can have government for the people without too much trouble but if government by the people—through their informed and informing representatives—goes by the boards government for the people will shortly thereafter go by the boards. Then government of the people will have to reassert itself through revolution if it too is not to go by the boards.

This preamble is necessary in order to understand the fundamental problem we face in the Congress in organizing ourselves in order to gather together whatever information and wisdom there may be in our society in respect to the various issues that face us and then apply that information and wisdom to the solution of the problems.

Congressional debate is only the last stage of this process. And yet if congressional debate has disappeared I think we can be fairly certain that whatever other processes we have developed have previously disappeared.

The Congress early in its history broke itself down into committees in order to study the issues at hand with more efficiency. But these committees, of course, were mere creatures of the Congress required to report back to the body that created them. Each Congressman depends upon the work his colleagues do on the various committees in order to inform himself on the issues.

How, indeed, can he vote with intelligence or inform his people of what the issues are if the committees supposedly acting in his behalf assume that the committee's job is not to gather information for the House and submit recommendations to the House, but rather to gather information for themselves and then make the decisions themselves and ask the House to rubberstamp these decisions?

Regrettably, this is exactly what has been happening over the 9 years I have been in the House. There is a marked trend. Certain provisions of law today require that the executive branch cannot act in certain areas without reporting to a committee. The laws do not state report to the Congress. They state report to certain committees of the Congress. We have committees taking trips all over the world, theoretically to gather information for the Congress and yet the Congress all too often never receives a report on what these committees found out.

We have the situation where major bills come to the floor of the House and the committee's printed hearings are not available to the House membership in time for the debate. It is the exception nowadays when a committee has its re-

port available to the membership sufficiently ahead of the debate to give the Members a chance to read it.

There is a growing tendency on the part of the committees during general debate to take all the time for the committee members and then when the bill is read under the 5-minute rule when the House membership might participate to close off debate.

Last year I was shocked to find the leadership trying to put through three major pieces of legislation under suspension of the rules which permits no real debate and permits no amendments at all. This year we passed the first authorization bill of the Committee on Space in its history, under suspension of the rules, with 40 minutes' debate. How could any Member of the House know anything about the new Space Agency under this process? How can the people know?

The greatest tragedy lies in the fact that this could not occur without the tacit consent of the majority of the Members of the House and certainly it could not occur without the leadership's positive decision to do it.

So I come to the military appropriation bill which was on the floor for debate 2 weeks ago. A bill which vitally affects the welfare of every American. A bill which holds the fate of America in it, not just from the standpoint of military defense, but also from the standpoint of the economic health of the Nation.

I will not dwell, too much, on the debate that occurred other than to state that the House was in complete default to the people of this country as far as gaining an understanding of what was in the bill and what the issues were. The committee, itself, I believe would admit that much of what they did was the result of faith. Yet it presented an adamant front. It wanted a minimum of questions and a minimum dispute. It might just as well have brought the bill out under a closed rule. In fact, the attitude of committee seems to be to try to gain the results of a closed rule.

I tried to direct the House's attention to an important feature in this bill. It was an item of \$250 million appropriation over and above the amount of appropriation requested by the Defense Department and the administration. During general debate the chairman of the committee and the ranking minority member stated that the budget proposals of the administration, of course, changed with the passage of time. That the budgets were prepared many months before they finally hit the floor of the House for debate. I asked them if the changes the committee made in either increasing or decreasing budget requests were referred back to the Department of Defense to see if these changes conformed to their ideas as the result of passage of time. The answer was no. I then suggested that the committee certainly should explain in some detail any deviations from the executive budgetary requests so that the House membership could evaluate the reasons for going against the executive department's judgment.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of June 22, 1959
86th-1st, No. 103

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HIGHLIGHTS: Senate agreed to wheat bill as passed by House. Senate agreed to conference report on housing bill. Senate committee reported mutual security authorization bill. Senate committee reported general government matters, independent offices, and State-Justice appropriation bills.

SENATE

1. WHEAT. By a 44-40 vote, receded from the previous disagreement of the Senate to the amendments of House to S. 1968, the wheat bill, and agreed to the bill as passed by the House (pp. 10366-7, 10431, 10436-43). Agreed to a motion by Sen. Ellender to table a proposed amendment by Sen. Case, S. Dak., which would have reduced the level of price supports provided in the bill from 90 to 85 percent of parity (pp. 10440-42). This bill will now be sent to the President. Sen. Ellender inserted an explanation of the bill as passed by the House as follows:

"The House amendment to S. 1968 is a complete substitute for the Senate provisions. It would make the following changes in existing law:

"With respect to the 1960 and 1961 wheat crops, it would --

"(1) Provide price support at 90 percent of parity,

"(2) Reduce each farm acreage allotment by 25 percent.

"(3) Require, as a condition of wheat price support, that the farm acreage of price supported crops be reduced below the 1957 and 1958 average by an acreage equal to the 25 percent reduction in the wheat acreage allotment.

"(4) Provide for a payment in kind (equal to one-third of the average annual wheat yield) for the acreage representing the 25 percent reduction, if such acreage is not harvested or grazed.

"(5) Provide that the acreage represented by the 25 percent reduction shall be ineligible for the conservation reserve.

"(6) Limit price support to the commercial area and, if marketing quotas are not disapproved, to cooperators.

"(7) Provide price support at 50 percent of parity to noncooperators, as well as cooperators, if marketing quotas are disapproved.

"(8) Provide that if marketing quotas are disapproved, the minimum Commodity Credit Corporation sales price for wheat for unrestricted use shall be 105 percent of 75 percent of parity, plus reasonable carrying charges.

"(9) Impose penalties on the actual yield of the excess acres (or double the normal yield if the actual yield is not shown); except that if the actual yield does not exceed the normal yield of the farm acreage allotment, the marketing excess would be reduced to zero.

"(10) Increase the marketing penalty to 65 percent of parity.

"(11) Reduce the 15-acre exemption to the small of (A) 12 acres, or (B) the highest acreage planted in 1957, 1958, or 1959.

"(12) Remove the 30-acre limitation on the feed wheat exemption.

"The House amendment contains a \$35,000 limitation on price support for wheat per producer per year, which we understand is intended to be permanent. In addition the House amendment would permanently --

"(A) Provide that in any case in which the wheat marketing excess for a farm is reduced to zero by reason of underproduction, the farm, county, and State shall not receive an acreage history penalty by reason of the overplanting.

"(B) Base eligibility for voting in marketing quota referendums on compliance with allotments in the year in which the referendum is held (rather than on being subject to the quota being voted on).

"(C) Repeal the 200 bushel wheat marketing quota exemption.

"(D) Repeal a requirement that an additional allotment list be kept by the county agent or local committee chairman."

2. HOUSING. Agreed, 56 to 31, to the conference report on S. 57, the housing bill for 1959 (pp. 10383-8, 10389-436). See Digest 102 for a summary of items of interest to this Department.

3. APPROPRIATIONS. The Appropriations Committee reported the following bills with amendments: p. 10355

H. R. 7040, the independent offices appropriation bill for 1960 (S. Rept. 423).

H. R. 7176, the general government matters appropriation bill for 1960 (S. Rept. 422).

H. R. 7343, the State-Justice appropriation bill for 1960 (S. Rept. 424).

4. MUTUAL SECURITY. The Foreign Relations Committee reported with amendment S. 1451, to extend the mutual security program (S. Rept. 412). p. 10354

5. PERSONNEL; HEALTH. A subcommittee of the Post Office and Civil Service Committee voted to report to the full committee S. 2162, to provide a health benefits program for Government employees. p. D511

86TH CONGRESS }
1st Session }

SENATE

{REPORT
{No. 412

THE MUTUAL SECURITY ACT OF 1959

R E P O R T

OF THE

COMMITTEE ON FOREIGN RELATIONS

ON

S. 1451

TOGETHER WITH

MINORITY VIEWS



JUNE 22, 1959.—Ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1959

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¹ Chairman emeritus.

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MUTUAL SECURITY ACT OF 1959

JUNE 22, 1959.—Ordered to be printed

Mr. FULBRIGHT, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 1451]

The Committee on Foreign Relations, to whom was referred the bill, S. 1451, to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having considered the same, reports the bill favorably with an amendment in the nature of a substitute and recommends that the bill, as amended, do pass.

1. MAIN PURPOSE OF THE BILL

The main purpose of the bill is to effect a major transformation in the mutual security program.

To this end, the Development Loan Fund is provided with long-term financing, and greater emphasis is placed on military assistance to the countries of NATO and on economic assistance to the countries of Asia, Africa, and Latin America.

In all, the bill authorizes appropriations for the coming fiscal year of \$3,164,820,000. This is in addition to authority provided the Development Loan Fund to borrow up to \$1 billion a year from the Treasury for each of the next 5 years for its lending operations.

2. WHAT THE BILL DOES

The following table shows the appropriations authorized by the bill for fiscal 1960, compared with the administration requests (section numbers refer to the Mutual Security Act of 1954, as amended):

	Administration request	Foreign Relations Committee
Sec. 103(a). Military assistance.....	\$1,600,000,000	¹ \$1,600,000,000
Sec. 131(b). Defense support.....	835,000,000	835,000,000
Sec. 203. Development Loan Fund.....	700,000,000	(2)
Sec. 304. Bilateral technical cooperation.....	179,500,000	179,500,000
Sec. 306(a). U.N. technical cooperation.....	30,000,000	30,000,000
Sec. 306(b). OAS technical cooperation.....	1,500,000	1,500,000
Sec. 400(a). Special assistance.....	271,800,000	244,620,000
Sec. 405(c). U.N. High Commissioner for Refugees.....	1,100,000	1,100,000
Sec. 405(d). Escapees.....	5,200,000	5,200,000
Sec. 406. U.N. Children's Fund.....	12,000,000	12,000,000
Sec. 407. Palestine refugees.....	25,000,000	25,000,000
Sec. 409(c). Ocean freight.....	2,300,000	2,300,000
Sec. 411(b). ICA administrative expenses.....	39,500,000	39,500,000
Sec. 419(a). Atoms for peace.....	6,500,000	6,500,000
Sec. 451(b). Contingency fund.....	200,000,000	180,000,000
Sec. 504(d). Small business machine tools.....		2,500,000
Sec. 604. NATO Parliamentarians' Conference.....		100,000
Total.....	3,909,400,000	3,164,820,000

¹ Of which \$1,100,000,000 is available only for NATO countries.

² In lieu of appropriation, borrowing from Treasury authorized at rate of \$1,000,000,000 a year for 5 years.

In addition, the bill makes these substantive changes in the program (section numbers refer to the bill):

1. The statement of policy is revised to put greater emphasis on the purpose of economic assistance to underdeveloped countries and on the goal of regional cooperation (sec. 2).

2. The military assistance program is brought into direct budget competition with other activities of the Defense Department (sec. 101(a)), and the criteria for furnishing military assistance to Latin America and to underdeveloped countries generally are tightened (sec. 101(b)).

3. Military assistance for the countries of NATO is increased by \$223 million over the administration program (to a total of \$1.1 billion) and military assistance for non-NATO countries is decreased by a like amount (to a total of \$500 million) (sec. 101(a)).

4. A ceiling of \$65 million is placed on bilateral military assistance to Latin America (a reduction of \$2 million from the current level), with provision for an additional \$31.5 million to be used for support of an international military force under the Organization of American States. If not used for this purpose, then these funds may be diverted to economic assistance in the area (sec. 101(b)).

5. The Development Loan Fund is given long-term financing through authority to borrow up to \$1 billion a year from the Treasury in each of the next 5 fiscal years. Borrowing authority which is unused in one year may be added to the authority available in succeeding years (sec. 202).

6. The ceiling on the U.S. contribution to the U.N. technical assistance program is reduced from 40 to 39 percent of the total at the same time that the rules for computing the contribution are changed to enlarge the base on which the percentage is calculated (sec. 203(b)).

7. The cumulative ceiling on special assistance funds which may be used for assistance to American schools and libraries abroad is increased from \$10 million to \$20 million (sec. 204(a)(2)).

8. Congressional support of the U.N. Emergency Force is reaffirmed, and voluntary contributions to the Force are authorized out of special assistance funds (sec. 204(b)).

9. Ten million dollars of military assistance funds for each of the next 5 fiscal years are earmarked, one-half for financing education of citizens of underdeveloped countries in the United States, Puerto Rico, and the Virgin Islands, and one-half for the training of people of underdeveloped countries in skills which will contribute to economic development (sec. 204(l)).

10. Authority to issue investment guaranties is increased from \$500 million to \$1 billion total face value, but such guaranties are restricted to projects which will promote the development of the economic resources and productive capacities of economically underdeveloped areas (sec. 204(m)).

11. The President is given additional authority to transfer up to 30 percent of military assistance funds to technical cooperation and special assistance purposes, if necessary, in order to meet the growing Communist economic threat (sec. 401(a)). At the same time, the bill eliminates the President's authority to transfer funds into the administrative expenses accounts (sec. 401(j)).

12. The President's recommendations for the program next year are to include a specific plan to reduce progressively and eliminate bilateral grant defense support and special assistance (sec. 401(b)). In addition, beginning next year, more detailed reports are required on the factors determining the level of aid and particularly the level of military forces to be supported in countries receiving defense support (sec. 401(g)(3)).

13. A new authorization is added for appropriation of \$2.5 million for furnishing U.S.-owned machine tools and other equipment to small business concerns in underdeveloped countries (sec. 401(c)).

14. The authority of the Secretary of State over the total program, and particularly over military assistance, is strengthened, as is the authority of ambassadors in the field (sec. 401(e)).

15. The President is required to make public all information concerning the program "not deemed by him to be incompatible" with national security (sec. 401(j)).

16. A policy statement encourages support of international health programs (sec. 501).

17. Appropriations of such sums as may be necessary are authorized for U.S. contributions to the Colombo Plan Council for Technical Cooperation (sec. 502). The estimate of this cost is \$6,000 a year.

18. U.S.-owned foreign currencies are made available for financing the summer study abroad of American teachers of foreign languages (sec. 601).

These and other provisions of the bill are explained in greater detail in the sections of this report which follow.

3. COMMITTEE ACTION

The President's message recommending the mutual security program for fiscal year 1960 was sent to Congress March 13, and on March 18 Senator Fulbright introduced, by request, the administration bill as S. 1451 so that the precise legislative proposals would be before the Senate.

The committee formally opened hearings on the bill May 4 with the appearance of the then Under Secretary of State for Economic Affairs, C. Douglas Dillon. Earlier, on April 23, the committee had taken advantage of the temporary presence in Washington of Adm. Harry D. Felt, commander in chief, Pacific, to hear from him on the military aspects of the program in the Far East. In all, the committee held 14 days of hearings, in both public and executive session. These have been published, with security information deleted, and are available to Members of the Senate and the general public.

Besides Secretary Dillon and Admiral Felt, the committee heard testimony from, among others, Secretary of Defense Neil H. McElroy; Air Force Chief of Staff Gen. Thomas D. White; William H. Draper, Jr., Chairman of the President's Committee to Study the U.S. Military Assistance Program; Leonard Saccio, Acting Director of the International Cooperation Administration; former Senator H. Alexander Smith, consultant to the Secretary of State; and Ralph I. Straus, special consultant to the Under Secretary of State for Economic Affairs.

In addition, from outside the Government, the committee heard W. Averell Harriman, former director of mutual security; Eric Johnston, chairman of the Committee for International Economic Growth; William C. Foster, former administrator of the Economic Cooperation Administration, who appeared representing the Chamber of Commerce of the United States; and representatives of the National Council of Churches of Christ, the Synagogue Council of America, the Citizens Foreign Aid Committee, the AFL-CIO, United Automobile Workers, Cooperative League of the United States, League of Women Voters, American Farm Bureau, American Veterans Committee, National Farmers Union, International Economic Policy Association, Americans for Democratic Action, and the National Association of Home Builders, among others. This nongovernmental testimony was predominantly favorable to the program.

On June 3, the committee began marking up the bill in executive session. During this meeting and subsequent meetings on June 4, 5, 9, 10, 11, 12, and 15, the committee went over the bill section by section and also gave careful consideration to each amendment which had been proposed by any Member of the Senate. On June 15, the committee voted 13 to 2, with 1 member voting present, to report the bill favorably as amended.

4. WHY THE BILL IS NECESSARY

This bill reflects the growing concern of the committee in recent years over what it feels to be shortcomings of certain phases of the mutual security program. This concern was first manifested, in concrete terms, in connection with the work of the Special Senate Committee to Study the Foreign Aid Program in 1956 and 1957. That special committee, which included all members of the Foreign Rela-

tions Committee plus ranking members from the Appropriations and Armed Services Committees, unanimously concluded that economic development assistance should be put on a loan basis with provision for adequate financing over a long-term period. The administration made a similar recommendation in its requests to Congress in 1957, and the Development Loan Fund was created at that time, but without long-range financing.

In August of last year, eight members of the committee again expressed their concern, this time in a letter to the President, that the program was out of balance in that it emphasized military assistance too much and economic assistance too little. The President replied that he concurred in the need for economic assistance, but cautioned against meeting this need by reductions in the military aspects of the program.

The committee's action on the pending bill, which as introduced embodied the administration's recommendations, is designed to meet the types of concern described above. Although the committee bill differs in material respects from the administration proposal, it follows substantially recommendations which have been made at one time or another by the administration over the last 2 years. In 1957, the President recommended that the Development Loan Fund (DLF) be given multi-year borrowing authority from the Treasury. Such authority was provided in the bill which passed the Senate that year, and the committee remains of the opinion that this is the most practical and efficient method of financing loan operations of the character carried on by the DLF. It is again provided in this year's bill.

More recently, the President's Committee to Study the U.S. Military Assistance Program (the Draper Committee) has recommended an increase of \$400 million in military assistance, primarily for NATO. The committee agrees that more military assistance is needed for NATO, and the bill provides \$223 million more than the administration proposed.

At the same time, the bill reduces by \$223 million the amount of military assistance proposed by the administration for non-NATO areas. This action stems from the feeling, expressed by a majority of the members of the committee last August, that military activities in underdeveloped countries were being overemphasized at the expense of economic programs. But the committee bill does not decrease the worldwide total of military assistance. Instead, it redirects that assistance to countries where it will be more effective.

In short, the committee has done to the bill what it had hoped that its previous expressions would cause the administration to do. In the absence of administration initiative, the committee has felt compelled to proceed unilaterally in order to present to the Senate a bill which is adequate to the task that confronts American foreign policy in 1959.

So far as the mutual security program is concerned, this task, as the committee sees it, is twofold: First, to contribute to building up the military forces which are essential, primarily in Europe and the Far East, to continued deterrence of overt Soviet military aggression; and second, to contribute to the economic development of the countries of Asia, Africa, and Latin America so as to induce a rate of growth which promises to become self-sustaining. This latter purpose would serve the interests of the United States even in the absence

of the Soviet threat; it is made more urgent by the existence of that threat, but its basic justification is irrelevant to the activities of international communism. The simple truth is that a world situation in which there is a growing disparity between the wealth of the United States and the poverty of the rest of the world would be inimical to the American national interest. This is true on both political and economic grounds.

Since 1947, the Committee on Foreign Relations has annually devoted weeks of intensive study to the mutual security program and its predecessors. Members of the committee have personally observed the program, and the conditions which make it necessary, on numerous occasions in all parts of the world. The committee has heard scores of expert witnesses, from both inside and outside the Government. Using both its own resources and outside experts, the committee has, over the years, made major studies of various components of the program and of the program as a whole. It has been, and it remains, the considered judgment of the committee that the mutual security program, or something very close to it, is at present an indispensable tool of American foreign policy. It can be said in all earnestness that without this program large and vital sections of the free world would face utter and total collapse before the end of the 1960 fiscal year.

Perhaps because the need for this program can hardly be overstated, the results which can reasonably be expected from it frequently are overstated. Herein, perhaps, lie the seeds of much of the opposition to it. Opponents argue, for example, that the program has neither won friends nor influenced people in the countries where it has been carried out. It was never intended as a device simply for winning friends. What it was intended to do, it has done—sometimes ineptly, sometimes wastefully—but 9 times out of 10 in one way or another it has advanced its basic purposes. Whether the program is supplying intermediate range ballistic missiles to the countries of NATO, or pure water supplies to the villages of south Asia, its basic purpose has been to make it plain to people, whether factory workers in Western Europe or peasants in India, that they have a choice which they can make for themselves. This is not a choice between the United States and the Soviet Union, but between freedom and totalitarianism, between ordering their own lives in their own way and having somebody else do it for them. It is a basic premise of the program that people anywhere, given the opportunity for such a choice, will choose freedom and independence. The record bears this out. So long as this is the case, the interests of the United States are quite sufficiently served if people simply choose independence. It is irrelevant to our national purposes whether they also fill the streets to cheer every time the American Ambassador drives by.

Opponents of the program also cite examples of waste and maladministration as reasons for abandoning the whole enterprise. The various studies which have revealed these examples have rendered a public service, and the committee has written into the bill this year provisions to tighten administration. The lesson to be drawn from examples of waste is that the program needs improvement, not dismantlement. It may be recalled that during World War II various committees of Congress found instances of great waste in the war effort. But so far as the committee is aware, no one in a position of responsibility ever concluded from this that the war should be abandoned and a separate peace made.

Finally, opponents of the program argue that it is a failure because we happen to find ourselves in difficulties in various parts of the world. It could equally well be argued that these difficulties would be less if the program had been larger in the past. But either argument makes the fundamental mistake of confusing the program, which is a tool of policy, with policy itself. In this respect, it is appropriate to recall the old adage that to make a rabbit stew, one must first catch a rabbit. It does not necessarily follow that one can make a rabbit stew even after he has caught the rabbit, but it is certain he cannot make the stew without one. So it is with the mutual security program and foreign policy. The existence of the program does not in itself mean we will have an effective foreign policy, but the abolition or substantial curtailment of the program would certainly be a body blow to foreign policy.

5. STATEMENT OF POLICY (SEC. 2)

This section of the bill adds three new points to the statement of policy now contained in section 2 of the Mutual Security Act of 1954, as amended.

These new points are:

1. A recital of past accomplishments of the mutual security program and its predecessors—namely, help in thwarting Communist intimidation in many countries of the world, help for European recovery from World War II, support for defensive military preparations by nations alerted by Communist aggression, and a sound beginning of help in the development of resources and improvement of living standards in economically underdeveloped areas.

2. A statement that Congress—

perceives the identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, to produce more goods and services and improve ways of living by methods which reflect popular will, and to establish responsible governments which cooperate with like-minded governments.

In this connection, the new language declares it to be—

a primary objective and need of the United States to share these strivings by giving generously of our knowledge and substance to peoples willing to work energetically toward these ends.

3. Finally, it is provided that, where appropriate and feasible, assistance under the act shall be rendered—

in such a way as to promote the emergence of political units which are economically viable, either alone or in cooperation with neighboring units.

Otherwise, except for changes in syntax, the present statement of policy is left unchanged. In substance, this statement now declares that—

1. Congress recognizes that the security of the United States is endangered so long as international communism continues to attempt to dominate other peoples.

2. It is the policy of the United States, so long as this danger continues, to help free nations and peoples upon request.

3. It is the sense of Congress that nations which have been assisted in their recovery should share with the United States to a greater extent the financial burden of aiding those countries still in need of assistance.

4. The act should be administered so as to help other peoples—in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence.

The new points added to the statement of policy by the committee are designed primarily to indicate the congressional view that programs of economic and political development are worthwhile in themselves, irrespective of the Communist threat, and that these programs reflect a mutuality of interest between the United States and the other peoples concerned. Such a statement, in the committee's judgment, will be helpful in clearing up some of the misunderstanding which surrounds the objectives of the mutual security program, both at home and abroad. The purpose is to give added emphasis to the program's positive aspects which are now frequently confused with its negative, anti-Communist aspects.

The committee attaches particular importance to the statement that the program should be administered so as to promote the emergence of economically viable political units. The force of nationalism in some underdeveloped areas—Africa, for example—is so great that there is danger of fragmentation of newly emerging independent states. In other areas, such as Latin America, existing states could greatly improve their prospects for economic development by closer cooperation with neighboring states.

The development of the Coal and Steel Community, Euratom, and the Common Market in Europe is an instructive example in this connection. The committee realizes that the pattern of Europe cannot be transplanted to Africa or Latin America, but the committee feels strongly that it should be a primary objective of the United States to encourage the growth of regionalism in both those areas. Wise administration of the mutual security program can be a useful tool in accomplishing this objective, and the committee expects it to be employed in this manner.

The committee is particularly concerned that the United States encourage federation among the newly emerging states of Africa and that it encourage closer economic cooperation leading in the direction of a common market among the well-established states of Latin America. In regard to Africa, the committee sees federation as perhaps the only way of assuring the economic viability of small, weak, poor nations. In regard to Latin America, the committee is persuaded that a closer economic union would make possible a more efficient use of resources and would also encourage the growth of economic institutions—as, for example, securities markets—which are important to economic development.

In both Africa and Latin America, of course, these objectives can be obtained only if they are desired by the people of those areas themselves. The committee's concern in the matter stems from its belief

that United States interests will be better served by the growth of strong, prosperous, and independent entities in these two areas.

It can reasonably be argued that the European Common Market would have emerged much sooner if the concept had received more encouragement from the United States during the Marshall plan era. It is to emphasize the need for this encouragement in other parts of the world that the committee has added this new policy statement to the act.

6. MILITARY ASSISTANCE (CH. I)

A. AUTHORIZATION, EARMARKING, AND BUDGETING (SEC. 101(a))

This chapter authorizes appropriation for use beginning in fiscal 1960 of not to exceed \$1.6 billion for military assistance, to remain available until expended. The bill also provides that \$1.1 billion of this amount shall be available only for assistance to—

countries party to the North Atlantic Treaty or for activities of the North Atlantic Treaty Organization in such countries.

The effect of this earmarking is to increase by \$223 million the amount of military assistance for NATO over the administration proposal and to reduce by a similar amount military assistance for non-NATO countries. In the illustrative presentation to the committee, the administration proposed \$714 million for members of NATO, \$138 million for NATO cost-sharing programs such as infrastructure and international military headquarters, and \$25 million for a proposed credit to the NATO spare parts agency. The total for NATO, thus, was \$877 million, and this is increased by the committee bill to \$1.1 billion.

The effect of this amendment is to put more military assistance where it can be effectively utilized without creating economic and political problems and to put less where it does create such problems and where there is doubt that really significant military forces can ever be created and supported.

In earmarking an increase for NATO, the committee was influenced by a number of factors, among which was the consideration that criticism of military assistance is most frequently directed to the program in underdeveloped countries and rarely, if at all, to the program in Western Europe. The committee also took note of the Draper Committee's recommendation of an increase of \$400 million in the program, primarily for NATO, and of Secretary McElroy's statement during the hearings that more funds for NATO would accelerate the modernization of NATO forces. The earmarking in the committee bill not only provides more for NATO; it also cuts the amount available for underdeveloped countries where the program has been subject—justly, in the committee's opinion—to much criticism. At the same time, the committee bill leaves \$500 million available for non-NATO countries, and this is more than enough to take care of the administration's proposals for the critical areas of Korea, Taiwan, and Vietnam. The balance can be reprogrammed by the administration among the other countries included in its original presentation.

The committee was also influenced in its action by a deep-seated feeling that NATO needs strengthening and that it is desirable, especially in view of the Berlin crisis, for the United States to give affirma-

tive evidence of the importance it attaches to NATO. The committee feels that all the members of NATO should increase substantially their efforts to strengthen the alliance. The committee's action in regard to this bill is an indication that the United States is prepared to do its part in this endeavor, and the committee fervently hopes that this will result in similar efforts on the part of other countries.

The committee added language providing that, beginning next year, military assistance programs shall be budgeted—

so as to come into direct competition for financial support with other activities and programs of the Department of Defense.

This is designed to insure that the budget process itself will approach military assistance and domestic defense funds as parts of a single program. The last dollar spent on either military assistance or domestic defense should buy as much as the last dollar spent on the other.

Under present procedures within the executive branch, the Department of Defense budget is made up against one target figure and the military assistance budget is made up against a second target figure. In the future, both budgets should be made up against a single figure.

It should be emphasized that the committee amendment applies only to budgeting procedures; it will in no way affect congressional procedures for considering Department of Defense appropriations on the one hand or military assistance authorizations and appropriations on the other. The amendment will, however, give Congress added assurance that, as is often stated by officials of the executive branch, the military assistance program is, in fact, an integral part of our own defense effort and that money spent for military assistance buys more security than would an equal amount spent on our own forces.

B. LATIN AMERICA (SEC. 101(b)(1))

The committee is disturbed over the size, and especially over the recent growth, of military assistance programs to Latin America. These programs amounted to \$56 million in 1958 and to \$67 million in 1959, with \$96.5 million proposed for 1960. The committee feels that military assistance to Latin America frequently stimulates arms races and encourages the diversion to military purposes of resources which are badly needed for economic development. At the same time, the committee feels that military assistance rigidly limited to hemispheric defense missions can be justified in moderate amounts. The interests of all concerned would be further served if these programs could be regionalized and brought under the OAS to the greatest extent possible. Such action could be expected not only to result in economic savings but also to improve hemispheric security and to strengthen the OAS, all of which are desirable goals.

In order to serve these and other purposes, the committee adopted a major revision of section 105(b)(4) of the act, which sets forth the conditions under which military assistance may be furnished to Latin America.

Under the committee language, not more than \$65 million may be used for military assistance in this area during fiscal 1960. This ceiling will effect a modest reduction from the 1959 program level of \$67 million.

The committee amendment also provides, however, that an additional \$31.5 million—i.e., the difference between \$65 million and the \$96.5 million requested by the administration—may be used for “assistance to an international military force under the control of the Organization of American States.” This will provide funds for such a force if one can be brought into being. The committee urges the administration actively to press negotiations to this end so that some progress can be made within the next year.

The force ideally should be an international force in fact—that is, one which is actually composed of units from various countries—rather than an international force on paper—that is, one which simply has units from various countries committed to it, or earmarked for it, under various contingencies. The important thing, however, is to make a beginning with whatever kind of arrangement is initially possible.

It need not be a large force, but it should be adequate to provide for international security within the Western Hemisphere and to make a contribution to the defense of the hemisphere from outside attack. If the first mission were actually carried out, the cost of the force would be more than offset by the reductions which would become possible in the domestic military budgets of the Latin American countries.

The committee recognizes, of course, that such an international force cannot be created overnight. If it is possible at all, it will take time to work out the necessary agreements within the OAS. With this thought in mind, the committee amendment also provides that if the \$31.5 million earmarked for the force cannot be used for that purpose, any portion of it which is not so used may be used instead for economic assistance to Latin America. This is accomplished through authority for a transfer of unused balances to the special assistance account in section 400(a) of the act.

The net result of this action does not reduce the total assistance authorized for Latin America. It does, however, shift the emphasis of this assistance from bilateral to multilateral military programs, and from military to economic programs. This will bring the overall program in Latin America into a much better balance.

The committee revision of section 105(b)(4) also tightens the criteria for military assistance to the countries of Latin America. The law now provides that military assistance may be furnished to countries of that area—

only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere.

It is also presently provided that the President shall annually review these findings and that—

internal security requirements shall not normally be the basis for military assistance programs to American Republics.

The revision adopted by the committee provides that—

military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere, which are found by the President to be im-

portant to the security of the United States, or for assistance to an international military force under the control of the Organization of American States for the protection of nations against external aggression.

The new language retains the requirement for an annual Presidential review of the findings involved, and it deletes the word "normally" from the provision that internal security requirements shall not be the basis for military assistance to Latin America.

It will be noted that additional emphasis is placed on an OAS force. Further, whereas assistance may now be furnished in accordance with defense plans which require the recipient nation to participate in missions important to the defense of the hemisphere, under the amendment assistance may be furnished only if it actually furthers missions which directly relate to common defense of the hemisphere and which are found by the President to be important to the security of the United States. In this connection, the new language refers to "military equipment and materials" instead of to "military assistance." The former phrase is used so as not to interfere with programs which are now carried on as a part of military assistance, for the training of Latin American military officers in U.S. service schools. The committee is impressed with the benefits, both military and political, which flow from this training.

The use of internal security as a basis for military assistance to Latin America, even in unusual cases, has worked to the political disadvantage of the United States in some Latin American countries, and has exposed us on occasions to the charge of supporting dictators. Although these charges are without foundation, in fact some of our military assistance activities have lent credence to them. Henceforth, under the committee amendment, internal security requirements will simply not be taken into consideration in carrying on the military assistance program in Latin America. It should be borne in mind that this provision leaves undisturbed the President's special authority to waive requirements of the act in certain circumstances.

C. MILITARY ASSISTANCE CRITERIA (SEC. 101(b)(2))

In addition to tightening the standards for military assistance to Latin America, the committee bill adds two new paragraphs to section 105(b) of the act dealing with military assistance to underdeveloped countries generally.

One of these provides that to the extent feasible and consistent with the other purposes of the program, it shall be administered so as to encourage the use of foreign military forces in underdeveloped countries "in the construction of public works and other activities helpful to economic development."

The other provides that, unless the Secretary of State authorizes an exception, military assistance to a country found by him to be underdeveloped shall—

be programed, and force goals shall be recommended, according to the principle that economic development needs shall have first call on the internal resources of such country.

Both of these paragraphs reflect the committee's growing concern over the size and character of military assistance programs to underdeveloped countries. The security of the free world and of the country concerned is not well served when resources, which are at best inadequate, are consumed in unproductive military expenditures to a disproportionate degree. The waste which is inherent in military programs can be reduced to the extent that military forces are used for productive purposes such as public works. The committee has in mind in this connection the example of the Army Corps of Engineers and the great contribution it has made to economic development in the United States. This is an example which could profitably be followed elsewhere in the world.

The committee is hopeful that its amendment giving economic development first call on the internal resources of underdeveloped countries will result in a decrease in military assistance programs to these countries. It is further hopeful that such assistance as remains, despite this requirement, will be channeled to an increasing degree into activities which, though carried out under military auspices, have lasting economic benefits.

7. DEFENSE SUPPORT (SEC. 201)

The bill authorizes an appropriation of not to exceed \$835 million for defense support for use beginning in fiscal 1960 and to remain available until expended.

The assistance provided by these funds will go to 12 countries: Spain, Greece, Iran, Pakistan, Turkey, Cambodia, China (Taiwan), Korea, Laos, Philippines, Thailand, and Vietnam. The amounts proposed for each country have been classified by the executive branch, but the amounts by region are \$40 million for Europe, \$242 million for the Near East and South Asia, and \$553 million for the Far East.

All of these countries are receiving military assistance from the United States. All except Spain are geographically close to the Soviet bloc, and 7 of the 12 have a common border with the bloc. All are characterized by economic underdevelopment and by economic problems which are aggravated by the maintenance of military forces.

It is the purpose of defense support to help them bear the economic burdens of their military efforts. Of the total amount authorized, it is proposed to use \$719 million to finance commodity imports, cash transactions, and other nonproject assistance. The balance of \$116 million is planned for specific economic projects.

The commodity imports will amount to \$673,840,000 as follows:

Surplus agricultural commodities.....	\$120,000,000
Other agricultural commodities.....	58,325,000
Raw materials and fuels.....	288,880,000
Machinery and equipment.....	152,875,000
Other industrial commodities.....	53,760,000

Cash transactions are planned in the amount of \$28 million and other nonproject assistance in the amount of \$17,500,000.

The project assistance proposed for fiscal 1960 will be entirely in the Far East, and will be divided among fields of activity as follows:

Agriculture, forestry, and fisheries	\$7, 580, 000
Industry and mining	35, 715, 000
Transportation	42, 380, 000
Health and sanitation	5, 460, 000
Education	3, 565, 000
Public administration	5, 875, 000
Community development, social welfare, and housing	4, 215, 000
General and miscellaneous	10, 870, 000

The commodity imports are determined on the basis of the country's minimum economic requirements. The commodities so financed normally move through private channels of trade and are sold for the local currency of the country in question. The local currency proceeds derived by the recipient country from these imports are deposited in a special counterpart account which in turn is also used for the purposes of the act. In some cases, these purposes may be the pay of troops; in other cases, they may be general budgetary support; in still others, they may be used to pay the local costs of military construction or of specific economic projects designed to increase the capacity of the country to support its military forces. Frequently these projects will also receive dollar assistance from defense support funds.

It will be noted that approximately two-thirds of the total authorized is proposed for the Far East. Most of this is for Korea and Vietnam, each of which is a divided country still suffering from the effects of war and living under the constant threat of renewed aggression. Each is still a long way from economic viability, though some progress is being made. In Korea, for example, the per capita gross national product has increased by 16 percent since 1955, agricultural production has gone up by almost one-fifth, cotton cloth and electric power production each by almost three-fourths, and gold and foreign exchange reserves by about two-fifths. The wholesale price index declined by 6 percent between 1957 and 1958, but it remained 50 percent above the 1955 level. At the same time, the Korean foreign trade balance appears hopelessly in deficit. In 1958, exports were only \$16 million against imports of \$425 million.

In Vietnam, per capital gross national product was the same (\$156 a year) in 1958 as in 1955. Agricultural production increased 14 percent in this period, reflecting mainly an increase of 23 percent in rice, but rubber production declined. Gold and foreign exchange reserves increased from \$138 million to \$180 million, and the cost of living showed encouraging stability. But, though not so spectacularly as in Korea, the foreign trade balance is badly in deficit: 1958 exports were \$53 million and imports \$230 million.

It is obvious that, for some time to come, economic assistance of the kind embodied in defense support is a matter of simple survival for both Korea and Vietnam. It is equally obvious that the survival in independence of both these countries is in the interests of the United States, and that the amount of defense support proposed for next year is a relatively cheap price to pay for their survival.

The other 10 countries included in the defense support program will receive aid which is smaller in amount but also important to achieving U.S. objectives.

In Spain, the United States has an important group of air and naval bases. Greece and Turkey are among the poorest members of

NATO, and continue to require economic help. Iran is strategic, both from the point of view of its oil resources and its location between the Soviet Union and the Persian Gulf. Iran is carrying out a substantial development program using its own oil revenues, but these are as yet insufficient to finance both development and military forces at an adequate level. Pakistan, which devoted 30 percent of its budget to its Armed Forces, is unable even to produce enough food for its expanding population and could not, without outside help, avoid an absolute decline in living standards which are already among the lowest in the world.

Thailand and the Philippines, like Pakistan, are important members of the Southeast Asia Treaty Organization. They are confronted with the political necessity of economic development and the military necessity of maintaining at least minimum security.

Cambodia and Laos have been struggling valiantly and so far successfully with the problems of making newly independent governments work in the face of great Communist pressures and inadequate resources. Outside assistance continues to be necessary.

Finally, the committee sees no alternative to continuing defense support to the Nationalist Chinese Government on Taiwan. Although substantial progress has been made on this crowded, beleaguered island, the military situation precludes the attainment of economic self-sufficiency.

In conclusion, the committee calls attention to the fact that, although defense support is economic aid furnished for a military purpose, it plays an essential role in maintaining the economies of the recipient countries and bears no precise or unvarying relationship to the size of the military assistance program. A reduction in military assistance as provided in section 101 of the bill does not necessarily make it either possible or desirable to reduce defense support. Each of the countries involved here is so poor that it will continue to need economic support.

8. DEVELOPMENT LOAN FUND (SEC. 202)

A. CAPITALIZATION (SEC. 202(a) AND (b))

These subsections effect a major change in the method of financing the Development Loan Fund. Instead of an authorization of appropriations of \$700 million for fiscal 1960, as proposed by the administration, the committee bill gives the Fund authority to borrow from the Treasury up to \$1 billion a year in each of 5 fiscal years beginning in 1960. Any unused portion of this borrowing authority in one year is to be added to authority available in succeeding years. The Secretary of the Treasury is authorized to meet the Fund's needs by a public debt transaction.

It will be recalled that this is the same financing device which was proposed by the Administration and approved by the Senate when the Fund was first established in 1957. As finally enacted that year, however, the law creating the Fund authorized appropriations totaling \$1,125 million for 2 fiscal years.

In the meantime, the Fund has gained 2 years of valuable experience, it has been incorporated (originally it was part of ICA), it has had appropriations of \$850 million, and it has made loan commitments of

more than \$740 million. It has pending loan applications under consideration of more than \$1.4 billion.

The sum of this experience clearly indicates that the Fund is a going concern. Doubts which were felt in some quarters 2 years ago should now be resolved and the Fund should be put on a long-term basis with adequate financing. The committee bill will give the Fund a cumulative total of \$5 billion in capital over a 5-year period. This capital will remain available thereafter, and repayments of principal and interest on loans from the Fund can in turn be reloaned.

The technique of financing long-term lending or other self-liquidating activities through borrowing from the Treasury is time-honored in the conduct of housing, farm, and banking programs, in the operation of the Export-Import Bank, in our contributions to the International Bank for Reconstruction and Development and the International Monetary Fund, and even in the construction of the St. Lawrence Seaway. It in no way diminishes congressional control of the policies involved, but it does put business-type operations on a business basis and remove them from the uncertainties of attempting to plan multi-year programs on the basis of single-year appropriations.

It is of great importance that this be done also in the case of the Development Loan Fund. As indicated above, the Fund has met a spectacular response in loan applications from underdeveloped countries. It has enormous potentialities for promoting economic development of these countries and for thereby promoting the interests of the United States. Indeed, without some instrumentality very much like the Development Loan Fund, the committee would take an extremely pessimistic view of the future of American foreign policy in Asia, Africa, and Latin America. This being so, and if the type of activity in which the Fund engages is to be carried on at all, it ought to be carried on under circumstances which give it the greatest hope of success. This is the whole purpose of the committee amendment. It can be cogently argued that the Export-Import Bank would never have achieved its good record if it had not been capitalized in this manner.

In adopting the amendment, the committee gave consideration to its impact upon the fiscal position of the Treasury and also to the amount of capital which can reasonably be foreseen as necessary for the fund. For at least the next year, the impact on the Treasury will be no different from the impact of the administration's proposal for appropriation of \$700 million. The Fund's estimated actual expenditures in fiscal 1960 are only \$200 million, and this figure represents the net drain on the Treasury. In any case, the impact on the Treasury is the same whether Development Loan Fund funds are provided by public debt transactions or whether they are provided by appropriations. The Fund's estimated loan commitments for 1960 are \$700 million, the same as the administration's appropriation request. With greater resources available, it is possible that this figure will be exceeded, though it is improbable that it will be exceeded by very much.

The important thing is to give the Fund, and the underdeveloped countries, assurance that it will have the resources over the long term to make loans which will undoubtedly increase in volume as economic development proceeds. As this process occurs, it should also be possible to make harder loans.

The committee gave considerable attention to the amount of resources desirable for the Fund. Figures ranging from \$750 million

a year to \$1.5 billion a year were suggested. The Draper Committee's preliminary report anticipates a need of \$1 billion a year in this field. The Committee for Economic Development has suggested an outlay of \$1 billion a year for 5 years, in addition to existing programs. The National Planning Association has recommended a total program of \$10 billion to \$20 billion over a 5- to 10-year period. The Rockefeller Bros. Fund and the International Development Advisory Board have each called for "substantial" increases.

In view of the conclusions of these and other studies, the \$1 billion a year recommended by the committee may prove to be inadequate. If this is in fact the case, Congress can take subsequent action to increase the size of the Fund. On the other hand, the committee is convinced that something very close to \$1 billion a year is the minimum necessary to give the Fund the resources and the sense of continuity which are essential to its continued success. If, contrary to expectations, \$1 billion a year should prove to be more than is needed, then the Fund's borrowing authority will simply not be fully used and the net cost to the Treasury will be that much less. The Fund's capital will not be drawn from the Treasury until it is needed. These borrowings will be on such terms and conditions as the President may determine.

Over the long term, the Fund's resources will revolve and it is expected that, with vigorous efforts on the part of borrowing countries, in time the Fund can become self-sustaining. Its loans earn interest which currently varies from 3.5 to 5.75 percent depending on the nature of the project. Although it has been in existence for scarcely 2 years, its income from interest on loans repayable in dollars in fiscal 1960 is estimated at \$1.2 million. It will also receive an estimated \$600,000 in dollar fees for guarantees in 1960, and it will receive the equivalent of \$5.8 million in interest payments on loans repayable in foreign currencies. On this basis, it will show a profit in 1960 of more than \$5 million. This can be expected to improve over the years.

In summary, the experience of the last 2 years has strengthened the committee's conviction that long-term financing through borrowing from the Treasury is the only practicable way to capitalize the Development Loan Fund. The committee strongly urges the Senate to reaffirm its 1957 decision and put the Fund on a sound basis.

B. MANAGEMENT AND LOAN ADMINISTRATION (SEC. 202(c))

Management (sec. 202(c)(1)).—This paragraph of the bill increases from three to four the number of officers of the Fund who may be paid salaries of as much as \$18,000 a year. The additional position will provide for an Assistant Managing Director for Finance and Development, an office which is now filled by a Foreign Service Reserve officer who, because of his rank in the Foreign Service, receives salary equivalent to that provided in the bill. This officer will be reassigned in the normal course of events, and the position will have to be filled by someone from outside the Foreign Service. The additional authority provided by the bill will hopefully make it possible to attract a person of the requisite background and ability.

Loan administration (sec. 202(c)(2)).—This paragraph strikes out a requirement, now found in section 205(c) of the act, that the Export-Import Bank shall administer loans made from the Fund. The effect

of deleting this requirement is to leave it optional to the executive agencies involved as to which one administers Fund loans. In point of fact, the Export-Import Bank, the Development Loan Fund, and ICA are all agreed that this function is best performed by ICA, which also performs other disbursing and comptroller functions for the Development Loan Fund and is now administering the Fund's loans on behalf of the Export-Import Bank. This seems to the committee a reasonable arrangement. If further experience should indicate an additional change, the law, as the committee proposes to amend it, would be sufficiently flexible to make that possible without further congressional action on what is, essentially, an administrative matter.

9. TECHNICAL COOPERATION (SEC. 203)

A. BILATERAL PROGRAMS (SEC. 203(a))

The bill authorizes appropriation of not to exceed \$179,500,000 for technical cooperation programs in fiscal 1960. The funds are authorized to remain available until expended.

The proposed program by country and region is as follows:

	<i>Thousands of dollars</i>		<i>Thousands of dollars</i>
Europe:		Far East—Continued	
Spain.....	1, 200	Indonesia.....	7, 000
Yugoslavia.....	1, 800	Japan.....	2, 000
		Korea.....	7, 000
Subtotal, Europe.....	3, 000	Laos.....	1, 700
		Philippines.....	3, 200
Africa:		Thailand.....	4, 500
Ethiopia.....	5, 100	Vietnam.....	5, 500
Ghana.....	1, 400	Regional and undis-	
Liberia.....	2, 400	tributed.....	600
Libya.....	2, 750		
Morocco.....	1, 000	Subtotal, Far East...	36, 700
Nigeria.....	1, 500		
Somalia.....	700	Latin America:	
Tunisia.....	2, 650	Argentina.....	800
East African territories...	800	Bolivia.....	3, 300
Multicountry projects...	2, 400	Brazil.....	7, 450
		Chile.....	3, 400
Subtotal, Africa.....	20, 700	Colombia.....	1, 900
		Costa Rica.....	1, 375
Near East and South Asia:		Cuba.....	500
Afghanistan.....	3, 800	Dominican Republic.....	300
Ceylon.....	1, 850	Ecuador.....	2, 100
Greece.....	900	El Salvador.....	1, 200
India.....	10, 500	Guatemala.....	3, 000
Iran.....	6, 000	Haiti.....	2, 100
Israel.....	1, 600	Honduras.....	2, 200
Jordan.....	2, 000	Mexico.....	800
Lebanon.....	1, 000	Nicaragua.....	1, 000
Nepal.....	1, 500	Panama.....	1, 650
Pakistan.....	8, 200	Paraguay.....	1, 900
Sudan.....	4, 500	Peru.....	2, 900
Turkey.....	4, 500	Uruguay.....	200
Regional and undis-		Venezuela.....	200
tributed.....	4, 250	Overseas territories.....	1, 750
		Regional and undistrib-	
Subtotal, Near East		uted.....	3, 675
and South Asia....	50, 600		
		Subtotal, Latin America...	43, 700
Far East:		Interregional expenses.....	24, 800
Cambodia.....	2, 700		
China (Taiwan).....	2, 500	Grand total, worldwide...	179, 500

The worldwide program by field of activity is as follows:

	<i>Thousands of dollars</i>		<i>Thousand of dollars</i>
Agriculture, forestry, and fisheries-----	35, 867	Public administration-----	12, 709
Industry and mining-----	20, 079	Community development, social welfare, and housing---	2, 958
Transportation-----	7, 516	General and miscellaneous----	27, 111
Labor-----	2, 998		
Health and sanitation-----	13, 768	Total-----	154, 700
Education-----	31, 694		

In addition, interregional expenses, not chargeable to specific projects or country programs, will amount to \$24,800,000. These expenses cover such items as arranging for training programs in the United States and third countries for technicians of countries participating in technical cooperation, technical consultation, and support services in the United States, the development of new approaches to evaluate the needs and develop the physical and human resources of underdeveloped countries, and training of ICA personnel.

Technical cooperation is a program which emphasizes people rather than things. Of the total authorization of \$179.5 million for bilateral programs in fiscal 1960, only \$11.6 million will be spent on supplies and equipment. Basically, technical cooperation is the transmission of knowledge, showing people how to do things better—how to grow more food, how to keep from getting sick, how to manage a factory, how a democratic labor union operates, how to teach literacy, how to have better housing, how to administer a government bureau, and dozens of other things which are essential in a complex modern society. These are long-term activities, but over a long term they produce impressive results.

The technical cooperation program has been growing slowly and soundly in keeping with increases in the capacity of cooperating countries to absorb assistance and in the capacity of the United States to provide it. The original authorization was \$35 million for fiscal 1951. For fiscal 1959, the authorization is \$150 million, and the committee recommends \$179.5 million for 1960. This will make possible moderate increases in most phases of the program. Among the most important of these increases are those in the number of U.S. technicians overseas (up 483 to a total of 3,336), in the number of foreign trainees in the United States or third countries (up 10 percent to 10,500), and in the program in Africa (up \$6 million to \$20.7 million).

The availability of qualified personnel is perhaps the greatest single limiting factor on the size of the technical cooperation program, and the committee is gratified at the progress ICA is making in recruiting and training technicians. Sustained attention should be given to this problem to the end that personnel standards can be further improved. Language training and general cultural orientation are particularly important.

The committee also welcomes the increased efforts which are being made in technical cooperation in Africa. This rapidly changing continent will undoubtedly require even more attention in the future.

B. MULTILATERAL PROGRAMS (SEC. 203(b))

United Nations (sec. 203(b)(1)).—This paragraph authorizes appropriation of \$30 million for fiscal 1960 for contributions to the United Nations Expanded Program of Technical Assistance and to the related United Nations Special Fund. It likewise reduces the ceiling on U.S. contributions from 40 to 39 percent of the total and broadens the base on which this percentage is calculated.

The U.N. technical assistance program was begun, chiefly as a result of U.S. initiative, in 1950. Initial contributions, covering the last 6 months of calendar year 1950 and all of 1951, amounted to \$20 million, of which the United States supplied 60 percent. By 1958, the program had grown to \$31 million, of which the United States contributed 45 percent. Both this growth and the U.S. investment in it have been sound.

In 1957 the U.N. General Assembly, again largely as a result of U.S. initiative, approved establishment of a Special Fund to supplement the technical assistance program through technical projects such as surveys, research, and training of the kind which are basic to economic development. It was envisaged that the technical assistance program and the Special Fund would have a combined budget of \$100 million a year.

The Fund began operations January 1, 1959, with about \$25 million available for its first year, making a combined total, with the technical assistance program, of about \$62.5 million. For 1960, it is estimated that the combined total will reach \$75 million.

As of the end of May, the Fund had requests for 75 projects totaling \$81 million. Of this number, 13 projects totalling \$7.5 million had been approved. These include such things as an electric power survey in Argentina, a technical study of industrialization and economic integration in Central America, general development surveys in West Africa, a project to train industrial craft instructors in India, a pilot project in watershed management in Israel, and a national center for training supervisory industrial personnel in Poland.

It is contemplated that these projects will actually be in operation during this summer, and that other project requests will be processed and approved during this calendar year. It is important that the Fund have adequate financial resources to undertake this work and also that the already established activities of the U.N. technical assistance program go forward on a gradually expanding scale. The proposed U.S. contribution is a reasonable one and should be approved.

Under existing practice the U.S. contribution of 40 percent is calculated on the basis of contributions to the central fund of the program. The committee bill provides that, beginning in calendar 1960, the U.S. contribution, while limited to 39 percent of the total, will be computed on the basis of contributions to the central fund plus the assessed and audited local costs of the programs. These assessed and audited local costs amount to 50 percent of the per diem subsistence allowances of U.N. experts working on technical assistance projects in a country. The costs are assessed by the U.N. against a recipient country, are paid to the U.N. by that country, and are audited by the U.N. in the same manner as contributions to the central fund. They are currently at a level of about \$3 million a year.

The effect of the committee action will be to reduce the percentage of the U.S. contribution while increasing its absolute amount by something less than \$2 million.

Organization of American States (sec. 203(b)(2)).—This paragraph amends section 306(b) of the act to authorize an appropriation of not to exceed \$1,500,000 for the fiscal year 1960 for contributions to the technical cooperation program of the Organization of American States. This is the same amount as has been authorized annually since 1955. Contributions are made subject to an administrative policy that they will not exceed 70 percent of the total. In recent years, the total program has amounted to between \$1.7 and \$1.8 million, of which the U.S. contribution has been between \$1.2 and \$1.3 million.

The OAS technical assistance program consists entirely of regional training projects in such fields as statistics, rural teacher training, agriculture, the evaluation of natural resources, industry, business administration, and child welfare. Aside from the contributions to the central account of the program, the host governments in the countries where these training centers are located furnish facilities valued at more than \$2 million and local support services amounting to something more than a quarter of a million dollars a year.

Although the program is a small one, it has, in the committee's judgment, made a useful contribution to economic development in Latin America. It deserves continued U.S. support. The committee hopes the fact that the authorization is larger than recent U.S. contributions will serve as an incentive to other countries to increase their own contributions.

C. INTERNATIONAL DEVELOPMENT ADVISORY BOARD (SEC. 203(c))

This subsection makes a technical amendment in section 308 of the act which provides for the International Development Advisory Board. The Board consists of 13 members broadly representative of voluntary agencies and of business, labor, agriculture, public health, education, and other groups. It is directed to "advise and consult with the President, or such other officer as he may designate to administer" technical cooperation with respect to that program, the Development Loan Fund, and the programs, including investment guarantees, to encourage free enterprise and private participation in economic development activities.

As a consequence of last year's act incorporating the Development Loan Fund, the officer administering technical cooperation and the free enterprise participation programs is no longer the same as the officer administering the Fund. The bill therefore amends the act to direct the Board to "advise and consult with the President or such other officer or officers as he may designate." This amendment is necessary in order to keep the scope of the Board's functions unchanged.

10. SPECIAL ASSISTANCE (SEC. 204(a)(1))

This section authorizes appropriation of not to exceed \$244,620,000 for fiscal 1960 for special assistance under the terms of section 400 of the act. This section authorizes assistance "designed to maintain or promote political or economic stability" on terms and conditions to be specified by the President. This assistance takes the same forms—

commodities, projects, and cash transactions—as aid provided through defense support.

These funds will be used to meet a wide variety of special situations throughout the world—in Berlin, Yugoslavia, Ethiopia, Liberia, Libya, Morocco, Somalia, Tunisia, Afghanistan, Jordan, Nepal, Sudan, Burma, Indonesia, Bolivia, and Haiti. They will also finance the U.S. contribution to the U.N. Emergency Force in the Middle East (\$3.5 million), and provide for programs of malaria eradication (\$35 million), community water supply development (\$5 million), international medical research (\$1 million), aid to American schools abroad (\$5 million), and the investment incentive fund (\$5 million).

Although U.S. aid to Berlin is financed from special assistance funds, it is separately authorized and is discussed below. So is the contribution to UNEF and aid to American schools abroad.

Grant military assistance to Yugoslavia has been terminated, but special economic assistance continues. It demonstrates U.S. support for Yugoslav independence from the Soviet bloc and provides a modest amount of help for the hard-pressed Yugoslav economy.

Ethiopia, Libya, and Morocco all provide sites for important U.S. military facilities. Although Ethiopia has a long history of independence, it remains one of the poorest countries in the world. The small special assistance program consists of surplus U.S. cotton, preliminary engineering surveys, and police training equipment. Libya and Morocco are newly independent. Libya in particular is lacking in natural resources. The special assistance program includes commodity imports and projects for water conservation and the discovery of additional water resources, the construction of chilling and cold storage facilities in Tripoli to help Libya increase the volume and improve the quality of its exports, road construction, hospital rehabilitation, teacher training, and school construction. It will be seen that many of these projects complement technical cooperation activities.

Morocco is faced with particularly difficult economic problems resulting from the withdrawal of French technicians and capital. A large part of the special assistance program will finance commodity imports, most of which will probably be on a loan basis and some of which will be surplus agricultural commodities. The local currency thus generated will in turn be used to carry out the Moroccan Government's own development program.

Liberia has long had a special relationship to the United States, and this is becoming of increasing importance in view of the rapid political developments taking place elsewhere in the same general area of West Africa. The small special assistance program will primarily supplement technical cooperation projects in health and education.

Somalia, now a U.N. Trust Territory under Italian administration, is scheduled to become independent in 1960. It will then be faced with enormous problems. Although Italy, under its responsibility as the administering power, is making significant contributions to Somalian development, it is important that the United States likewise give concrete manifestations of its interest in Somalia. The small special assistance program will finance the import of equipment for soil conservation work; water resources development; centers for veterinary services, hay cutting and baling, and hides and skins pro-

duction; beef slaughtering, storage, and canning facilities, together with pilot production efforts in byproducts such as bonemeal; fishery improvement with a pilot pickling and drying plant; and rehabilitation of the port of Mogadiscio. In addition, provision is made for construction of water diversion works and wells, a small demonstration high school, and highways. Equipment and materials will also be provided for educational projects.

Tunisia, like Morocco, is encountering special economic difficulties because of the French withdrawal. The special assistance proposed for 1960 will be divided between commodity imports, with the local currency proceeds going into development projects, and the dollar financing of water resource improvement and other works.

Afghanistan is one of the largest recipients of Soviet economic aid, and it is important that the United States continue to assist in the country's economic progress. The special assistance proposed for 1960 will continue to support development of the Helmand Valley and will provide assistance for creating a central highway organization and a civil aviation administration, for supervising construction of airports, for conducting an open-pit coal mining operation, and for constructing facilities for Kabul University.

Jordan is in one of the most difficult situations, both political and economic, in the Middle East. The country has met its many recent challenges with fortitude, but continued external assistance is necessary for its survival. Among other things, special assistance will finance projects in irrigation and groundwater development, afforestation and watershed protection, highway construction and maintenance, and other public works.

Nepal is in a strategic position between India and Tibet. It is beginning to emerge into the 20th century and deserves not only a welcome but a helping hand from the United States. Special assistance proposed for 1960 will be used to improve transportation and communications facilities and to promote the beginnings of small industry.

Sudan is another country which has been going through the birth pangs of independence—and where it is important to manifest a U.S. interest. Most of the special assistance program will finance commodity imports to meet consumption requirements and to provide raw materials and supplies so as to maintain production. Funds will also be devoted to development of crops which will reduce Sudan's reliance on cotton, to the development of agricultural and industrial credit facilities, to highway construction, to expansion of facilities at Khartoum University, and to the development of rural water facilities.

Burma and Indonesia are two countries which have gone through great political and economic difficulties but which have so far made their independence work. Help to them continues to be in the U.S. national interest. For Burma, the special assistance program includes \$1 million, on a loan basis, to finance the foreign exchange costs of modernizing the police force. For Indonesia, the program will likewise provide transportation and communications equipment for the police force and will, in addition, improve university facilities in medicine and agriculture and training facilities of the Merchant Marine Academy, provide on-the-job training for ships' officers, and furnish engineering and management advisory services to explore investment opportunities and prepare plans for development projects.

In the Western Hemisphere, Bolivia and Haiti are two countries with rather special difficulties. Each is in an extremely unsettled condition, both politically and economically. Special assistance is necessary if they are to weather the storms through which they have been passing.

Malaria eradication.—It is also proposed to use special assistance funds to the extent of \$35 million to finance the U.S. part of the worldwide malaria eradication program now going into its third year. This program is aimed at eliminating malaria from areas in which more than 1 billion people are, or recently have been, exposed to the disease. More than 70 nations are participating, together with the World Health Organization, the Pan American Health Organization, and the U.N. Children's Fund.

This ambitious undertaking has so far been successful. Its continued success depends upon its being vigorously pursued so that it can be completed before mosquitoes develop resistance to the insecticides that are being used. The total program for 1960 amounts to \$124 million, of which it is proposed that the United States contribute \$35 million—\$30 million through bilateral programs, \$3 million through WHO, and \$2 million through the Pan American Health Organization. The committee considers this program important and urges that, if new techniques or control projects are developed, consideration be given by the executive branch to increasing the U.S. contribution in the light of other needs for special assistance funds.

Other special assistance programs.—The worldwide community water supply program contemplates the training of technicians and help for cooperating governments in the planning and organizing of a program for improved water supplies. Of the \$5 million which it is proposed to spend on this program out of special assistance funds, \$1.6 million will be in a contribution to the World Health Organization, \$1 million in a contribution to the Pan American Health Organization, and \$2.4 million in bilateral programs distributed as follows: Africa, \$200,000; Far East, \$400,000; Latin America, \$700,000; Near East and south Asia, \$710,000; and interregional, \$390,000.

The international medical research program will provide a contribution to the World Health Organization to support its accelerated activities in this field. Other research work may also be supported.

The investment incentive fund will provide special assistance in the proposed amount of \$5 million for selected projects, such as help for industrial and investment centers, to encourage countries to stimulate the development of the private sector of their economies.

11. OTHER PROGRAMS

A. AID TO AMERICAN SCHOOLS ABROAD (SEC. 204(a)(2))

This subsection increases from \$10 million to \$20 million the amount of special assistance funds which the President may use to aid American schools and libraries abroad. This is a cumulative program over a number of years and not an annually recurring cost.

It is estimated that \$3 million of the existing authority will be used in fiscal 1959 for aid to American schools in Argentina, Bolivia, Chile, Nicaragua, Morocco, Guatemala, Lebanon, Indonesia, and elsewhere. The administration proposal contemplated using an additional \$5 million in fiscal 1960.

The \$10 million increase authorized by the committee bill will make it possible also to meet certain urgent needs of the American University of Beirut, which is one of the outstanding educational institutions of the Middle East.

The principal need is a new teaching hospital of 400 beds to replace the present hospital which is 70 years old and inefficient to operate. The AUB hospital is not only an essential adjunct of the medical school but is also the only fully accredited hospital available to the public in the area.

The committee urges the administration to try to use U.S.-owned foreign currencies to provide the needed equipment and materials wherever possible.

B. UNITED NATIONS EMERGENCY FORCE (SEC. 204(b))

This subsection adds a new section 401 to the act in which Congress recognizes "the important contribution of the United Nations Emergency Force (UNEF) to international peace and security" and declares a policy of support for UNEF. The new section further authorizes the President, during fiscal year 1960, to use special assistance funds to make voluntary contributions to the UNEF budget.

The contemplated contribution under authority of this section is \$3.5 million, which will be in addition to the assessed contribution, under regular U.N. budgetary procedures, of \$4.9 million. The total UNEF budget for calendar year 1959 is \$19 million. It is thus proposed that the United States will pay 44.2 percent.

Since UNEF was established by the U.N. General Assembly in November 1956, it has made a great—perhaps an indispensable—contribution toward maintaining some degree of peace and stability in the Middle East. The principle of such a force has twice been endorsed by the Senate (S. Res. 15, 85th Cong., agreed to Aug. 8, 1957, and S. Con. Res. 109, 85th Cong., agreed to Aug. 22, 1958).

Although the costs of UNEF have declined from \$30 million in 1957 to \$19 million in 1959, they still represent a sizable amount for the United Nations, whose regular budget is \$55 million. Although it would be desirable if UNEF could be totally financed from the U.N. regular budget, on the basis of agreed assessments on U.N. members, it must be recognized that this is in fact unrealistic at this time. It is gratifying that so large a proportion of the cost (approximately 75 percent this year) is met in this fashion. Meanwhile, the UNEF job is so important and is being done so well that an additional U.S. contribution in the amount proposed is fully warranted.

C. SURPLUS AGRICULTURAL COMMODITIES (SEC. 204(c))

This subsection continues for fiscal 1960 the requirement, which has been in the law for several years, that not less than \$175 million of the funds made available pursuant to the act (other than for the Development Loan Fund) may be used only to finance the export and sale for foreign currencies of surplus agricultural commodities. The foreign currency proceeds of these sales will in turn be used for the purposes of the act.

As noted, this is the same amount as has been earmarked for this purpose for several years. Experience has indicated that it represents

approximately the amount which can be usefully employed in this manner. This amount is limited by the character of the needs of recipient countries—i.e., industrial goods rather than agricultural commodities—and by the purposes of the act. This section of the Mutual Security Act does not, of course, affect operations under Public Law 480, the Agricultural Trade Development and Assistance Act.

Local currencies received as a result of commodity sales under this section are used abroad for the purposes of the Mutual Security Act with particular emphasis on the purposes spelled out in section 104 of Public Law 480 (the Agricultural Trade Development and Assistance Act) which are in harmony with mutual security purposes. The committee is becoming increasingly concerned over the problems posed, both immediately and over the long term, by U.S. accumulation of large amounts of foreign currencies. This report is not the place for an exhaustive discussion of these problems. The committee hopes the executive branch will continue its studies of this subject and submit specific recommendations for congressional action. In the meantime the committee takes this opportunity to record its view that rather too restricted use has been made of the authority of the President under section 104 of Public Law 480 to waive the requirement of appropriations in the case of foreign currencies used for economic development grants. Subsection (e) of section 104 authorizes the use of foreign currencies accruing as a result of Public Law 480 sales for, among other things, "promoting balanced economic development." This can be done on either a grant or a loan basis, but if it is done through grants then section 1415 of the Supplemental Appropriation Act, 1953, applies and the foreign currencies become available only as provided for annually in appropriation acts. The President, however, is authorized to waive the applicability of section 1415 in any case where he determines that the requirements of that section "would be inappropriate or inconsistent with the purposes" of title I of Public Law 480. This waiver authority has been delegated to the Director of the Bureau of the Budget who has so far exercised it only in exceptional circumstances on a case-by-case basis and in amounts generally less than 15 percent of the currencies available.

Rigid insistence upon loans has acted in some instances as a limitation on the utilization of foreign currencies because of the reluctance of foreign countries to commit themselves to repay borrowings of their own currency. Inability to utilize currencies in turn inhibits further sales under Public Law 480. Moreover, in cases in which loans are made, the repayments of those loans some years hence will increase the accumulation of U.S.-owned foreign currencies and will aggravate the problems attending such accumulation.

All countries in which there are large accumulations of Public Law 480 currencies have great needs for investment in projects such as roads, schools, and health facilities. Although the emphasis of the program should continue to be on loans, the committee feels that the Presidential waiver authority should be used more liberally to make grants.

D. RESPONSIBILITIES IN GERMANY (SEC. 204(d))

This subsection amends section 403 of the act so as to authorize the President to use during fiscal 1960 not to exceed \$7.5 million of special assistance funds "to meet the responsibilities or objectives of the United States in Germany, including West Berlin." The projects contemplated in Berlin will be financed in large part with deutsche marks derived from the sale of surplus agricultural commodities to the Federal Republic of Germany.

West Berlin has made impressive economic progress under severe handicaps. Per capita production has increased by almost 2½ times since 1951; and unemployment, though it still represents almost 10 percent of the labor force, is less than one-third of its 1950 level. U.S. aid, which has been steadily decreasing from a level of \$18 million in 1956, is only a fraction of aid furnished by the Federal Republic which this year is estimated at the equivalent of \$330 million plus substantial tax concessions.

West Berlin is primarily important, of course, for political reasons, and especially so at this particular time. U.S. assistance, which is concentrated in health, housing, and cultural facilities, demonstrates our continued support for the citizens of West Berlin and helps to maintain that outpost as a continued symbol of contrasts between free West Germany and the Soviet Zone.

E. U.N. HIGH COMMISSIONER FOR REFUGEES (SEC. 204(e)(1))

This subsection amends section 405(c) of the act so as to authorize appropriations of not to exceed \$1.1 million for fiscal 1960 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.

This mandate covers assistance to refugees who fall within the area of international responsibility and who remain in need of help following the termination of the United Nations Refugee Fund at the end of 1958. The High Commissioner's program is concentrating on closing refugee camps and on helping, on an individual basis, the refugees most susceptible to rehabilitation. The program extends to refugees in Europe, primarily those who are aged or physically handicapped and those with children still living in camps, and to refugees of European origin from China, most of whom pass through Hong Kong.

The U.S. contribution will not exceed one-third of the total contributions. Although the High Commissioner's program has not been finally worked out in detail, it is anticipated that it will require \$2 million for camp closure; \$900,000 for cases which are particularly difficult to resettle because of family circumstances, conditions which require institutional care, or similar factors; \$500,000 for assistance to European refugees in Hong Kong; and \$100,000 for emergency aid.

The U.N. Refugee Fund resettled 55,000 refugees during its 4-year operation. It is important that continued progress be made to find permanent solutions for remaining refugees and for those who continue to flee from Iron Curtain countries. These refugees are dramatic demonstrations of the never-ending appeal of freedom, but unless they find reasonable help and opportunities in the free countries, they become a political liability instead of a political asset.

F. ESCAPEES (SEC. 204(e)(2))

This subsection amends section 405(d) of the act so as to authorize an appropriation for the fiscal year 1960 of not to exceed \$5.2 million for continuing the program of helping, training, and resettling escapees from the Soviet bloc.

This program was begun in 1952 as a wholly U.S. operation to help selected persons escaping from Communist-dominated areas. So far, some sort of assistance has been given to about 400,000 persons, slightly more than half of whom were in the Far East and the remainder in Europe and the Near East. Efforts are concentrated upon resettlement and upon helping the refugees to become self-supporting in the countries of asylum. It is estimated that 19,600 cases will be on hand at the end of 1959, and 11,300 cases at the end of 1960. New escapees helped under the program are currently at the rate of something more than 10,000 a year. Operations are becoming more difficult and expensive as the caseload is reduced to the hard core of those escapees who present especially troublesome problems.

Activities under the program, which is carried on largely through contracts with voluntary agencies, include advice on resettlement plans and opportunities, vocational and language training, medical and health services, and financial assistance in transportation and resettlement costs.

The program supplements other refugee programs such as that of the U.N. High Commissioner, as well as the considerable activities of the countries of asylum.

G. CHILDREN'S WELFARE (SEC. 204(f))

This subsection amends section 406 of the act to authorize an appropriation of not to exceed \$12 million for the fiscal year 1960 for contributions to the United Nation's Children's Fund. It is estimated that this will represent 48 percent of the total contributions, a reduction of 2 percentage points from the current year.

The Children's Fund (UNICEF) is currently participating in 328 programs of maternal and child welfare in 97 countries and territories. These programs reached more than 50 million children and expectant or nursing mothers in 1958. Effort is concentrated in health (particularly malaria, tuberculosis, yaws, trachoma, and leprosy) and nutrition (particularly milk supplies). The program has been in operation since 1946 and has received widespread favorable comment.

H. PALESTINE REFUGEES (SEC. 204(g))

This subsection authorizes an appropriation of not to exceed \$25 million for fiscal 1960, the same amount as for fiscal 1959, for contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. The committee rejected a request by the administration for repeal of a proviso in section 407 of the present law earmarking 15 percent of these appropriations for repatriation or resettlement of the refugees.

The Palestine refugees present one of the world's most difficult problems. They now number almost 1 million and are increasing at the rate of approximately 50,000 a year because of the excess of births over deaths and resettlements. They are kept alive, at a bare

subsistence level, in conditions of indescribable misery and hopelessness. The United States contributes 70 percent of UNRWA's budget; most of the remainder is supplied by the United Kingdom. The level of subsistence of the refugees, most of whom have no other means of support, may be seen from the fact that in fiscal 1958 UNRWA's total budget was \$32.8 million for almost a million refugees.

This is a problem which has grown steadily worse since it came into being in 1948 with the creation of the State of Israel. It should disturb the consciences of all human beings. Aside from the humanitarian aspects, it greatly contributes to the political unrest in the Middle East. The situation is likely to become even more acute in the next year in view of the fact that UNRWA's mandate from the U.N. General Assembly expires June 30, 1960.

In a succession of reports through the years, the Committee on Foreign Relations has strongly urged that imaginative and determined steps be taken to solve this problem. The committee has said it would sympathetically consider requests for substantial capital contributions to projects implementing a solution. It has directed the President in determining whether or not to continue assistance to take into account "whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation" of the refugees. It has earmarked 15 percent of the funds for resettlement or repatriation and has indicated that more would be forthcoming if progress were made.

The result of all of these efforts has been less than zero: it has been negative, because the problem is worse today than formerly.

The efforts of the Department of State have been as futile and as unavailing as those of the United Nations. The time is long since past for a new approach. If the State Department and the U.N. cannot themselves solve the problem, they should give thought to finding or creating an entity which can. The International Bank for Reconstruction and Development might be helpful. Some type of secret, personal diplomacy by a universally respected figure might be indicated.

The committee freely admits that it has no solution itself. This is not properly its function. But it is increasingly convinced that a solution must be found, and quickly.

I. OCEAN FREIGHT (SEC. 204(i))

This subsection amends section 409(c) of the act so as to authorize appropriation of not to exceed \$2.3 million for the fiscal year 1960 to pay ocean freight charges on shipments of U.S. voluntary nonprofit relief agencies. This will move relief supplies valued at \$35 million. It is anticipated that 32 approved voluntary agencies will participate in the program in 1960 and will carry out relief activities in 40 countries and territories. The recommended authorization is based on the estimates of the agencies themselves.

These voluntary relief activities are a true reflection of the charitable instincts of the American people and generate significant international good will and understanding. The supplies which will be moved under this authority include clothing, medical and hospital supplies, school supplies, and handtools for trades and agriculture. The provision of ocean freight payments by the Government is a vital

part of the program, because most of the supplies are donated in kind without any cash contribution to cover transportation costs.

It should be noted that the same agencies distribute large quantities of surplus agricultural commodities, but the ocean freight charges on these are paid separately under authority of title II of Public Law 480.

J. ADMINISTRATIVE EXPENSES (SEC. 204(j)-(k))

These two subsections make four changes in the method now provided in sections 410 and 411 of the act for authorizing appropriations for the expenses of administering the Mutual Defense Assistance Control (Battle) Act and nonmilitary assistance.

Under the present law the expenses of carrying out the Battle Act are authorized to be appropriated to the President annually in section 410. Section 411(b) carries an annual authorization for ICA administrative expenses and section 411(c) provides a continuing authorization of not to exceed \$7 million for administrative functions of the State Department relating to the act.

The amendments made by the bill repeal the separate authorization for Battle Act administration in section 410 and reenact authority in section 411(c) for the same appropriations to be made to the State Department. In addition, the President's authority is continued to make military assistance funds available for this purpose.

The bill also repeals the limitation of \$7 million a year on appropriations to the State Department for administrative expenses related to the act. It is contemplated that an appropriation of \$8.4 million will be requested. This will include \$1 million for Battle Act administration.

Finally, the bill amends section 411(b) so as to authorize \$39.5 million for ICA administrative expenses for fiscal year 1960. This is an increase of \$2.7 million over the estimated actual cost of administration for fiscal 1959, and will provide for the additional costs of administering the program resulting from committee action on this bill. It will also, the committee expects, result in generally improved administration.

K. PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUND (SEC. 204(l))

This subsection adds a new section 412 to the act, earmarking military assistance funds in the amount of \$10 million a year for 5 years beginning in fiscal 1960 for educational and training programs for people of underdeveloped countries.

Half of these funds are to be used for financing "studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands." This program may be used to supplement activities under sections 32(b)(2) of the Surplus Property Act of 1944 (the Fulbright Act) and the United States Information and Educational Exchange Act of 1948 (the Smith-Mundt Act). The provision of \$5 million a year for this purpose over a 5-year period is in line with the recent recommendation of the Board of Foreign Scholarships.

The other half of the \$10 million provided by this section is to be used for training the people of underdeveloped countries in skills which will contribute to economic development. This activity is to

be carried out in accordance with the policies of the technical cooperation program, and the funds may be used to supplement technical assistance appropriations.

The purpose of these two provisions is to increase the supply of trained people available to underdeveloped countries. The shortage of such people is one of the greatest limiting factors not only on the economic development of these countries but also on the growth of their political maturity and stability and consequently on their military ability to provide for their defense. It is the intent of the committee that this section be broadly construed and that training not be limited to manual or technical skills but that it encompass the whole range of administrative and other skills needed to operate a modern government with a developing economy.

L. INVESTMENT GUARANTEES (SECS. 204(m) AND 603)

This subsection increases the authority to issue investment guarantees from \$500 million to \$1 billion and limits the operation of the program to underdeveloped countries.

The investment guarantee program was originally authorized by the Economic Cooperation Act of 1948, and has since been continued and expanded. In countries with which investment guarantee agreements have been negotiated, guarantees are now available for approved projects against inconvertibility of currency and against loss by reason of expropriation, confiscation, or war. Convertibility guarantees may be obtained in 38 countries, expropriation and confiscation guarantees in 34, and war damage guarantees in 8. As of December 31, 1958, a total of \$400 million in guarantees had been issued, and pending applications amounted to \$1 billion more. The investor pays an annual fee, which now amounts to one-half of 1 percent, for his guarantee. Fees to date have exceeded administrative expenses, and no guarantee has ever had to be paid.

In the circumstances, the committee feels it is justified in recommending an increase in the total face value of guarantees that can be issued. This increase does not require appropriations. ICA has authority to borrow from the Treasury to pay the guarantees, if that contingency should ever arise.

The committee was disturbed, however, by the fact that, of the \$400 million in guarantees issued to date, \$321 million have been to cover investments in the countries of Western Europe. Further, of the \$1 billion in pending applications, \$396 million are in Western Europe. The program was originally established to encourage private investment in Western Europe, but that was at a time when Europe was prostrate from the war and was receiving massive Government economic assistance. This condition no longer exists. The focus of efforts to encourage private investment is now on underdeveloped countries. These efforts should certainly be pursued, but there is no reason to give this further encouragement to private investment in Europe. This is the reason for the committee amendment which limits guarantees to projects approved by the President as furthering "the development of the economic resources and productive capacities of economically underdeveloped areas."

Section 603 of the bill makes a technical amendment in section 1011(a) of the Information and Education Exchange Act to exempt

the informational media guarantee program from the limitation to economically underdeveloped countries. The informational media guarantee program serves purposes different from those of investment guarantees and should continue to operate free of this limitation.

In connection with its consideration of investment guarantees and also of the expanded Development Loan Fund, the committee gave attention to the policy, which has been stated in the act since 1953, that programs under the act should be carried out in such a manner as to encourage and foster private enterprise.

The committee believes that care should be exercised so that proposed programs for development assistance will be carefully evaluated to guard against the creation of conditions which tend to give rise to trade barriers against U.S. private enterprise and that of other friendly nations. The emphasis, it is believed, should be given to directing assistance toward the development of resources and the production of goods which complement not only the economies of the particular country involved but that of other friendly nations of the free world. Only in this manner will the countries of the free world be able to prosper and grow together.

M. ATOMS FOR PEACE (SEC. 204(n))

This subsection amends section 419(a) of the act so as to authorize appropriation of not to exceed \$6.5 million for fiscal 1960 for assistance designed to promote the peaceful uses of atomic energy abroad.

This appropriation will provide \$2,450,000 for foreign research reactors, \$2,050,000 for research and training equipment, \$500,000 for an inventory and development of peaceful uses, \$750,000 for contributions to the International Atomic Energy Agency, and \$750,000 for scholarships.

The \$2,450,000 programed for foreign research reactors will provide \$350,000 toward the cost of reactors in each of seven countries. The research and training equipment will include such items as radio-isotopes and isotope laboratory equipment, subcritical assemblies, low-energy accelerators, and training films. The inventory and development program will provide technical and advisory services, with particular emphasis on evaluating proposed projects. The scholarship program, which is administered by the National Academy of Sciences under a contract with ICA, contemplates about 100 scholarships during the 1960-61 academic year. For proper planning, funds will have to be available during fiscal 1960.

All of these activities under the general heading of atoms for peace represent a relatively small expenditure of dollars and have great long-term potentialities.

12. CONTINGENCY FUND (CH. III)

Section 301 of the bill amends section 451(b) of the act so as to authorize appropriation of \$180 million for the President's contingency fund for fiscal 1960.

A fund of this nature of varying size has been provided annually to meet requirements which are either entirely unforeseen at the time the program is authorized or which, though anticipated in general terms, are not sufficiently clear to justify specific programming. By

definition, it is impossible at this time to foresee the uses which may be made of the contingency fund. On the basis of experience, however, it may confidently be predicted that occasions calling for use of the fund will arise in amounts approximating the \$180 million authorization. There may be a reoccurrence of events such as the Middle Eastern crisis of the summer of 1958 or the Taiwan Straits crisis of the autumn of that year. New needs may arise for emergency relief in meeting natural disasters such as floods, famines, and epidemics. Beyond the immediate requirements for relief, such disasters may make it necessary to increase the amount of defense support or economic assistance programed for the countries involved. Unfavorable weather, short of a disaster, may produce a poor crop instead of a normal one and require additional assistance. World economic conditions may change, so that a country largely dependent on a single export, as the Sudan is on cotton or Bolivia on tin, will need either more or less assistance. Or a combination of causes may give rise to a particular set of political and economic conditions in which a relatively small infusion of American aid, given quickly, can capitalize on favorable developments or reduce the impact of unfavorable developments.

Under existing provisions of the law, which are unchanged by the committee bill, the President may use up to \$100 million of the contingency fund without regard to the requirements of mutual security legislation whenever he determines that such use is important to the security of the United States. These requirements may also be waived with respect to \$150 million of other funds made available under the act. Up to \$50 million may be used on an unvouchered basis, but no more than \$30 million may be allocated to any one nation in any fiscal year.

The contingency fund, coupled with this special authority of the President, has been a very useful device in past years, and there is no reason to suppose that it will not be equally useful in the future.

13. GENERAL AND ADMINISTRATIVE PROVISIONS

A. TRANSFERABILITY OF FUNDS (SEC. 401 (a) AND (j))

One of these sections increases the President's authority to transfer funds and the other curtails it.

Section 401(a) amends section 501 of the act to provide that as much as 30 percent of military assistance funds may be transferred to and consolidated with funds made available for nonmilitary uses in technical cooperation, special assistance, and other economic programs except defense support and the Development Loan Fund. This authority is granted to the President, in the language of the bill—

in view of the rapidly increasing danger to the independence of friendly countries which is presented by the trade and assistance programs of international communism.

The committee frankly does not know if this authority will be, or even if it can be, used. It is in any case permissive and not mandatory. Its inclusion in the bill reflects, as do many other sections of the bill, the committee's growing concern that the mutual security program is putting too much emphasis on military affairs and too little

on economic affairs, that it is directed at a threat which is diminishing, while it underestimates a threat which is increasing.

Section 401(j) adds a new section 551 to the act prohibiting the President from using his transfer or other special authority to augment appropriations for administrative expenses. The limitation applies to the administration of both military and nonmilitary programs. This section results from past actions of the administration, examples of which are the use of defense support money to meet the cost of a pay increase and of other program money to pay the expenses of the Fairless Committee studying the program.

Congress provides extraordinary authority to the President in order to enable him to meet extraordinary situations affecting the security of the United States. The committee does not believe that pay increases and advisory groups fall within this category. The new language will prevent the cited instances from recurring.

B. TERMINATION OF ASSISTANCE (SEC. 401(b))

This subsection directs the President to include in his recommendations to the Congress for the fiscal year 1961 mutual security program a specific plan for progressively reducing and ultimately eliminating grant aid of a defense support or special assistance character in each country receiving this type of assistance.

Grant programs of this nature have demonstrated a tendency to perpetuate themselves. They would be much more tolerable if presented as part of a specific plan, the fulfillment of which would in itself lead to their elimination. This was the technique of the Marshall plan; and although the experience of the Marshall plan cannot easily or totally be transferred to Asia or Africa, the committee feels that there has been absent in these areas the kind of imaginative planning which is necessary if long-range objectives are to be accomplished.

It is the purpose of the committee amendment to stimulate this kind of planning. The committee is fully aware that in some countries conditions are so unstable as to make realistic planning impracticable, and the committee expects that in the President's recommendations next year there will be some countries in which the early end of such grant aid cannot be foreseen. But the committee will look with disfavor on any recommendations in which the list of such exceptional countries is very long.

It should also be pointed out that there is no time limit in the amendment for the elimination of assistance. This is to enable planning to take account of varying conditions. It does not contemplate planning which is long range in the sense that it calls for elimination of grant aid a generation hence.

Finally, it should be emphasized that the amendment applies only to grant defense support or special assistance. It does not apply to loans. Indeed, one of its purposes is to encourage plans for the use of grants to bring a country to a level of development at which loans can be supported.

This amendment looking to the elimination of grants is consistent with the committee's action of increasing loan programs in other sections of the bill.

C. MACHINE TOOLS FOR SMALL BUSINESS (SEC. 401(c))

This subsection adds a new authorization for appropriation for fiscal 1960 of not more than \$2.5 million to furnish Government-owned machine tools and other equipment to small business concerns in underdeveloped countries.

Authority for this kind of activity already exists in the act, but the committee desires to emphasize its desirability and the separate authorization herein provided is to be considered as a supplement to existing authority, rather than a limitation on it.

Many agencies of the U.S. Government own substantial quantities of machine tools which are obsolescent or excess to present needs. These tools can make a spectacular contribution to economic development in underdeveloped countries, particularly when they can be placed in the hands of small business concerns. The encouragement of small business in these countries will have the further benefit of shaping the nature of economic development toward a free, competitive society, rather than one dominated by a few giant firms.

It is contemplated that the appropriation herein authorized will be used to reimburse the Government agencies which now own the machine tools and to pay the costs of transportation.

D. LOAN REPAYMENTS (SEC. 401(d))

This subsection amends section 505 of the act in regard to the use of funds received in repayment of loans, other than those of the Development Loan Fund. The law now provides that repayments, including interest, shall be held by the Treasury for such further uses as may be authorized by Congress. The purpose of this subsection is to specify these further uses.

First, all dollar repayments are to be deposited into miscellaneous receipts of the Treasury.

Second, foreign currency repayments, to the extent that they are needed by other Government agencies, may be sold to these agencies for dollars, and the dollars thus received will be deposited into miscellaneous receipts.

Third, to the extent that foreign currency repayments are excess to the requirements of Government agencies for payment of their obligations abroad, they are to be credited to the Development Loan Fund and made available for further lending by the Fund.

Provision is made to insure that foreign currencies received in repayment of loans will continue to be available on a preferential basis for the purposes of the educational exchange program.

E. AUTHORITY OF SECRETARY OF STATE AND AMBASSADORS (SEC. 401(e))

This subsection makes two amendments in section 523 of the act to strengthen the powers of the Secretary of State and Ambassadors to coordinate the program with foreign policy.

The Secretary of State is now authorized to coordinate the various parts of the program and to determine the value of the military assist-

ance program for any country. As revised by the committee, the provision will read:

Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

The language speaks for itself. It emphasizes the committee's view that the mutual security program, in its separate parts and in its totality, is a tool of American foreign policy and its use should be directed by the officials responsible for American foreign policy—namely, the President and the Secretary of State.

The other amendment is aimed at strengthening the hand of ambassadors in coordinating the program in foreign countries. This amendment provides that the chief of the diplomatic mission shall make sure that recommendations of U.S. representatives pertaining to military assistance in each country "are coordinated with political and economic considerations." It further provides that the chief of diplomatic mission's comments "shall accompany such recommendations if he so desires."

The American ambassador now has authority, under the law and under an Executive order, to coordinate assistance programs. The purpose of this amendment is to make clear that Congress thinks it is important for this authority to be exercised, particularly with regard to taking political and economic considerations into account in making up military assistance programs. The committee feels that there are some instances in which this has not been done. There is evidence that in some countries military force goals have always been too big. In others, force goals which were once realistic could now be reduced. In still others, military and economic assistance are out of all proportion to the real needs of the country and the long-term interests of the United States.

The committee hopes that this amendment will induce more ambassadors to take their jobs more seriously in this respect.

F. ADMINISTRATION (SECS. 401(f)–(i), 204(h), AND 602)

These sections make several changes relating to administration of the act and to its annual presentation to Congress, as well as two technical amendments to the existing law.

NATO International Staff (sec. 204(h)).—This subsection amends section 408(c) of the act which now provides that Foreign Service Reserve officers who are detailed to the NATO International Staff may serve for more than 4 years notwithstanding the limitation in section 522 of the Foreign Service Act. At the time the act was passed, this section provided that Foreign Service Reserve officers could serve in nonconsecutive periods of not more than 4 years. During the 84th Congress, it was amended to make that limit 5 years. The bill amends the Mutual Security Act to make it consistent with the Foreign Service Act; i.e., to allow Foreign Service Reserve officers detailed to NATO

to serve more than 5 (instead of more than 4) years notwithstanding the limitation of the Foreign Service Act.

Supergrades (sec. 401(f)).—This subsection increases by 15—that is, from 35 to 50—the number of persons who may be employed in the United States on programs authorized by the act and compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act. This means, in effect, at rates provided by grades 16, 17, and 18, or between \$14,190 and \$17,500 a year.

ICA and the office of the State Department concerned with coordinating mutual security programs do not share in the governmentwide pool of supergrades and are therefore dependent on the specific authority provided by the Mutual Security Act. This includes, of course, authority under that act and the Foreign Service Act to assign, in their Foreign Service status, employees holding Foreign Service Reserve or Staff appointments to Washington positions. The administrative shortcomings of the program which have received so much congressional and public attention recently clearly indicate the need for strengthening top management. The committee hopes that these additional supergrade positions will be used for this end.

ICA automobiles (sec. 401(g)(1)).—This subsection increases from \$3,300 to \$3,800 the maximum amount which may be paid, including exchange allowance, for each replacement automobile for chiefs of U.S. operations missions which administer nonmilitary assistance abroad. This is a reflection of increased prices and is not intended to provide better automobiles.

Korean housing (sec. 401(g)(2)).—This subsection increases from \$26 million to \$27.75 million the amount of Korean aid funds which may be used to provide housing and other facilities for persons carrying out the assistance program in Korea. This is the fourth increment of such authority, provided in terms of a cumulative ceiling. It has been used to construct office space as well as housing and other supporting facilities.

Presentation to Congress (sec. 401(g)(3)).—A further amendment to section 537(f) of the act is designed to insure not only that Congress has clearer information before it when considering the mutual security program but also that the executive branch will give more careful attention to certain factors involving the relationship of defense support and military assistance. The law now provides that during the annual presentation of the program to Congress, the executive branch shall submit “a detailed explanation of the method by which the proposed programs for each country have been arrived at * * *, including all significant factors considered in arriving at such proposed programs.”

This general language is replaced by more specific requirements in regard to defense support and special assistance. It will require that, with respect to each country, there must be submitted:

1. “A clear and detailed explanation of the proposed level of aid.”
2. A listing of all significant factors considered in determining the level of aid.
3. The reason for including each factor and an explanation of the manner in which each factor is related to the specific dollar figure constituting the proposed level of aid.

4. With respect to each country for which defense support is proposed, "a clear and detailed explanation * * * of the determination of the particular level of forces to be supported" by the proposed military assistance program.

5. The factors considered in arriving at the determination of the level of forces in each country.

6. A detailed explanation of the reason for any differences in the level of forces supported by military assistance and the total level of forces maintained in a country.

This information, especially that required by the last three points listed above, should result in a more realistic fixing of strategic and MAP-supported force levels, particularly in underdeveloped countries.

Technical amendments (secs. 401 (h)-(i)).—Section 401(h) makes two technical amendments in section 543(d) of the act which continues available funds appropriated pursuant to provisions of the Mutual Security Act of 1954 repealed in 1956, 1957, or 1958. The amendment strikes out the reference to these specific dates and inserts a reference to provisions repealed "subsequent to the time such funds are appropriated." This will obviate annual amendments in this section. A further amendment repeals an obsolete sentence of the same section relating to the use of funds prior to June 30, 1958.

Section 401(i) repeals section 549 of the act which made 25 percent of specified funds available on a 15-month basis. This authority is obsolete in view of subsequent action making some of these funds available until expended and eliminating a separate authorization for the others.

Foreign Service Reserve Officers (sec. 602).—This section amends section 522 of the Foreign Service Act to make it possible to keep in service in certain circumstances Foreign Service Reserve officers who have completed the maximum 5-year tour of duty provided for Reserve officers by the law as it now stands. Under the amendment, in cases in which the Secretary of State deems it to be in the public interest to continue a Foreign Service Reserve officer in service, he may reappoint the officer for an additional period of not more than 5 years. This amendment will make it possible to keep in service Reserve officers who are performing useful functions and who, by reason of training and experience, would be difficult if not impossible to replace. Without the amendment, these officers could not be retained in their present assignments, and the principal loser would be the U.S. Government.

G. INFORMATION POLICY (SEC. 401(j))

The subsection adds a new section 550 to the act designed to make more information about the mutual security program available to the public. The new section provides that, in the semiannual reports to Congress already required by the act and in response to inquiries from the public or to requests from Members of Congress, the President shall "make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States."

The committee is strongly dissatisfied with the prevailing policies of the executive branch regarding classification of information about

the program on security grounds. It gave serious consideration to going even further in writing a legislative requirement for declassification. It refrained from doing so on two principal grounds. First, this is an area in which it is peculiarly difficult to write specific legislative requirements which will meet all conceivable situations. Second, the committee hopes that the language which is recommended will result in a more liberal information policy.

This is a field in which there must necessarily be a large amount of executive discretion. The source of the committee's dissatisfaction is the feeling that this executive discretion has been very poorly exercised. There is much in the mutual security program which is legitimately classified on grounds of national security. But there is also much—altogether too much—which is classified simply for administrative convenience or to avoid embarrassment. It is ridiculous to announce publicly that intermediate range ballistic missiles are going to the United Kingdom and to keep secret the types of equipment that are going to Chile.

The committee believes that much of the public misunderstanding of the mutual security program can be traced to the lack of information about it. Many of the recent criticisms of the program could be answered by a greater disclosure of the facts. The committee expects the executive branch to move substantially in the direction of greater freedom of information and, in interpreting the new language of the law, to construe strictly the phrase "incompatible with the security of the United States."

At the same time, the committee is aware of the problem posed by section 508 of the act, which prohibits the use of funds for "the dissemination within the United States of general propaganda in support of the mutual security program." It is admittedly difficult to draw a hard and fast distinction between information and propaganda so as to fit all possible cases. But this problem, in the committee's view, is more theoretical than real. As used in section 508, "general propaganda" should be very narrowly construed and should not inhibit action through all appropriate media to make more information about the program available to the American people.

14. INTERNATIONAL COOPERATION IN HEALTH (SEC. 501)

This section is a policy statement recognizing the importance of international health problems and affirming the policy of the United States "to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies."

This policy is not only humanitarian; it also recognizes that the ravages of disease inhibit economic development through lowering productivity and that, with the increased volume and speed of travel, the attack on disease must be an international endeavor in the self-interest of all concerned.

In the illustrative program submitted by the administration, there is included approximately \$85 million, spread through several categories of assistance, for health activities. In addition, some of the activities of the Development Loan Fund—as, for example, water supply loans—are directly related to health. The committee views these as important and hopes the administration will give sympathetic

consideration to possibilities which may present themselves for pursuing health work even more vigorously. The committee also looks with favor on the international activities of the U.S. Public Health Service.

15. COLOMBO PLAN COUNCIL (SEC. 502)

This section authorizes appropriation to the Department of State of such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation. These expenses, which are borne equally by the 18 members of the Council, now amount to \$108,000 a year, of which the U.S. share is \$6,000.

The Colombo Plan is neither a plan nor an operating entity to carry out a plan. It is a loose association of Asian and Western states concerned with problems of economic development in free Asia and serves as a clearinghouse for information about the needs for, and availability of, technical and other assistance for economic development. Such assistance as is furnished in the Colombo plan area is entirely on a bilateral basis between the furnishing and the receiving state.

Although the United States has been a member of the Colombo Plan Consultative Committee since the plan's beginnings in 1950, it has been a formal member of the Council only since January of this year. This authorization will provide the basis for the modest U.S. contributions to the work of the Council and its Bureau of Technical Cooperation which is carried on by a small staff in Colombo.

The Colombo plan has performed a useful function in stimulating planning for economic development in South Asia and in coordinating the needs for technical help with the availability of technicians. It has been particularly useful in drawing Commonwealth nations and Japan into the development programs of south Asian nations, and it is to the U.S. interest to encourage this kind of cooperation still further.

16. FOREIGN LANGUAGE STUDY (SEC. 601)

This section amends the act providing basic authority for the Department of State (Public Law 885, 84th Cong., 70 Stat. 890) by adding a new section 16(a) to authorize grants to teachers of modern foreign languages at the elementary, secondary, or university level for summer study abroad in the area in which the language they are teaching is commonly used. Authority is given the Secretary of State to use foreign currencies or credits for this purpose and to enter into appropriate executive agreements with foreign governments to make such currencies available.

The purpose of this section is to improve the quality of foreign language teaching in the United States and to increase the number of teachers of foreign languages available to schools and colleges. The lack of adequate foreign language skills among our people generally is one of the weakest spots in the world posture of the United States today. This lack can only be remedied by a long-range effort to increase and improve the teaching of foreign languages in the public schools, and the first step must be to increase the supply of competent teachers. Teachers do not, generally speaking, have the finan-

cial resources to provide language training for themselves. It is necessary, therefore, for some kind of subsidy to be arranged if the desired end is to be attained.

The committee can think of no better way to use foreign currencies which are accumulating with such rapidity in many countries. Modern language teachers are in such short supply in the United States that the program has inherent limitations as to cost. Further, most foreign currencies now being accumulated are in countries where something other than a West European language is commonly used. This will further tend to limit the program, though it is, in another respect, an advantage. Although the United States is short even of people who speak French and Spanish, it is in a much more disadvantageous position with regard to people who speak Arabic or Japanese.

The committee hopes that the authority provided by this section will be taken seriously by the Department of State and by the language teachers of the country. This authority will not, in itself, solve the foreign language problems of American education. But if it is used soberly and determinedly, it can, over a period of years, make a significant contribution to the solution of those problems.

17. NATO PARLIAMENTARIANS' CONFERENCE (SEC. 604)

A final section of the bill authorizes appropriation of \$100,000 to meet the expenses of the United States in connection with the meeting in Washington in November this year of the NATO Parliamentarians' Conference.

The invitation to the Conference to meet in Washington in 1959 was extended in House Concurrent Resolution 34 of the 86th Congress, which passed the House March 16 and the Senate April 30, 1959. At that time, it was contemplated that if the invitation were accepted, which it has been, appropriations in the order of \$100,000 would be necessary to provide the necessary facilities for simultaneous translation, reproduction of documents in two languages, verbatim reporting services and office equipment.

The NATO Parliamentarians' Conference held its first four annual meetings in Paris in NATO headquarters in the Palais de Chaillot. The American delegation last year voted to invite the Conference to meet in Washington in 1959, and this invitation was ratified by the Congress in the spring of this year. It seems wholly appropriate that this be done and that adequate facilities be provided for a successful meeting. The estimate of \$100,000 is based on the cost to the United States of being host to the Interparliamentary Union in 1953.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

AN ACT To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1954." This Act is divided into chapters and titles, according to the following table of contents:

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Chapter I—MILITARY ASSISTANCE

Chapter II—ECONOMIC ASSISTANCE

Title I—DEFENSE SUPPORT

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Title IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS

Chapter III—CONTINGENCY FUND

Chapter IV—GENERAL AND ADMINISTRATIVE PROVISIONS

[SEC. 2. STATEMENT OF POLICY.—(a) The Congress of the United States recognizing that the peace of the world and the security of the United States are endangered as long as international communism and the nations it controls continue by threat of military action, use of economic pressure, internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination, declares it to be the policy of the United States to continue as long as such danger to the peace of the world and to the security of the United States persists to make available to free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

[(b) It is the sense of the Congress that inasmuch as—

[(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe;

[(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

[(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world, those nations that have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

[(c) It is the sense of the Congress that assistance under this Act shall be administered so as to assist other peoples in their efforts to

achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence.】

SEC. 2. STATEMENT OF POLICY.—(a) Through programs of assistance authorized by this Act and its predecessors, the United States has helped thwart Communist intimidation in many countries of the world, helped Europe recover from the wounds of World War II, supported defensive military preparations by nations alerted by Communist aggression, and has soundly begun to help peoples of economically underdeveloped areas to develop their resources and improve their living standards.

(b) Programs authorized by this Act continue to serve the following principal purposes:

(1) The Congress of the United States perceives the identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, to produce more goods and services and improve ways of living by methods which reflect popular will, and to establish responsible governments which cooperate with like-minded governments. The Congress declares it to be a primary objective and need of the United States to share these strivings by giving generously of our knowledge and substance to peoples willing to work energetically toward these ends.

(2) The Congress of the United States recognizes that the peace of the world and the security of the United States are endangered as long as international communism and the nations it controls continue by threat of military action, use of economic pressure, internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination. The Congress declares it to be the policy of the United States to continue as long as such danger to the peace of the world and to the security of the United States persists to make available to free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

(c) It is the sense of the Congress that inasmuch as—

(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe,

(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength, and

(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world,

those nations that have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act

(d) It is the sense of the Congress that assistance under this Act shall be administered so as to assist other peoples in their efforts to achieve

self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence. To this end, assistance shall be rendered where appropriate and feasible in such a way as to promote the emergence of political units which are economically viable, either alone or in cooperation with neighboring units.

CHAPTER I—MILITARY ASSISTANCE

* * * * *

SEC. 103. AUTHORIZATIONS.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1959] 1960 to carry out the purposes of this chapter not to exceed [\$1,605,000,000] \$1,600,000,000, which shall remain available until expended: *Provided, That of the funds made available pursuant to this section, \$1,100,000,000 shall be available only for assistance to countries party to the North Atlantic Treaty or for activities of the North Atlantic Treaty Organization in such countries. Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into direct competition for financial support with other activities and programs of the Department of Defense.*

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

(c) When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141, and 142, to nations eligible to purchase military equipment, materials, and services under section 106. When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within three years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: *Provided, That the authority in this sentence shall apply to repayments from not to exceed \$175,000,000 of the appropriations used for such assistance.*

* * * * *

SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent

with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

(1) The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe, including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area.

(2) Military assistance furnished to any nation in the Near East and Africa to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in Asia, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

【(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not normally be the basis for military assistance programs to American Republics.】

(4) Military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States, or for assistance to an international military force under the control of the Organization of American States for the protection of nations against external aggression. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not be the basis for military assistance programs to American Republics. Of the funds made available pursuant to section 103(a), not more than \$65,000,000 shall be available for military assistance in American

Republics during the fiscal year 1960. An additional \$31,500,000 shall be available during the fiscal year 1960 only for assistance to an international military force under the control of the Organization of American States: Provided, That any balance remaining from such \$31,500,000 not so used may be transferred from the military assistance account to the special assistance account (sec. 400(a)) and shall be available under the terms of that section only to promote economic development in Latin America.

(5) To the extent feasible and consistent with the other purposes of this chapter, administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development.

(6) Military assistance to a country found by the Secretary of State to be underdeveloped shall, unless the Secretary authorizes an exception, be programed, and force goals shall be recommended, according to the principle that economic development needs shall have first call on the internal resources of such country.

CHAPTER II—ECONOMIC ASSISTANCE

TITLE I—DEFENSE SUPPORT

SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under Chapter I, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance specifically designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

(b) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1959] 1960 to carry out the purposes of this section not to exceed [\$810,000,000] \$835,000,000, which shall remain available until expended.

(c) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

(d) To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title or chapter I and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds

available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this Act.

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TITLE II—DEVELOPMENT LOAN FUND

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[SEC. 203. CAPITALIZATION.—(a) There is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund, not to exceed \$500,000,000. In addition, there is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund beginning in the fiscal year 1959, not to exceed \$625,000,000.]

SEC. 203. CAPITALIZATION.—(a) *The Secretary of the Treasury is authorized and directed to make, during the fiscal years 1960 through 1964, loans to the Fund in amounts needed to cover obligations incurred against the Fund. Except as provided in section 204(b) of this Act, the maximum amount of obligations incurred against the Fund during each of such fiscal years shall be \$1,000,000,000; and any unused portion of the maximum applicable to any period shall be added to the maximum applicable to the succeeding period.*

(b) For purposes of the loans provided for in this section, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act as now in force or as hereafter amended, and the purposes for which securities may be issued under the Second Liberty Bond Act are hereby extended to include this purpose. The President shall determine the terms and conditions of any advances or loans made to the Fund pursuant to this section.

SEC. 204. FISCAL PROVISIONS.—(a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

(b) The Fund is authorized to incur, in accordance with the provisions of this title, obligations in amounts which may not at any time exceed the assets of the Fund. The amount of such obligations also may not exceed the limitations specified in section 203(a) of this Act except that, to the extent that assets of the Fund other than capitalization provided pursuant to section 203(a) are available, obligations may be incurred beyond such limitations. The term "assets of the Fund" as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization made available pursuant to section 203(a) of this Act which has not been advanced to the Fund as of such time. The assets of the Fund shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance or functions under this title.

(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended.

SEC. 205. MANAGEMENT, POWERS AND AUTHORITIES.—(a) The management of the Fund shall be vested in a Board of Directors

(hereinafter referred to in this title as the "Board") consisting of the Under Secretary of State for Economic Affairs, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and ~~three~~ *four* other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law.

(c) The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures of the Fund,

and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as the Fund shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, the Fund, and, as the Fund may determine, refer any such obligations or rights to the Attorney General for suit or collection; adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government; and otherwise take any and all actions determined by the Fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation, or in carrying out any function. Nothing herein shall be construed to exempt the Fund or its operations from the application of section 507(b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U.S.C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress. **[The Export-Import Bank shall administer loans made from the Fund, as provided in section 505(b) of this Act.]**

(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4(a) of the Civil Service Retirement Act, as amended (5 U.S.C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal

cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4(a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202(a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202(a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205(b) of this Act.

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TITLE III—TECHNICAL COOPERATION

* * * * *

SEC. 304. AUTHORIZATION.—There is hereby authorized to be appropriated to the President to remain available until expended not to exceed **[\$150,000,000]** \$179,500,000 for use beginning in the fiscal year **[1959]** 1960 to carry out the purposes of this title.

* * * * *

SEC. 306. MULTILATERAL TECHNICAL COOPERATION AND RELATED PROGRAMS.—As one means of accomplishing the purposes of this title and this Act, the United States is authorized to participate in multilateral technical cooperation and related programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

(a) **[\$20,000,000]** \$30,000,000 for the fiscal year **[1959]** 1960 for contributions to the United Nations Expanded Program of Technical Assistance and such related fund as may hereafter be established: *Provided*, That, notwithstanding the limitation of 33.33 per centum contained in the Mutual Security Appropriation Act, 1957, the United States contribution for such purpose may constitute for the calendar

year 1958 as much as but not to exceed 45 per centum of the total amount contributed for such purpose [and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose for each such year], *for the calendar year 1959 not to exceed 40 per centum of the total amount contributed for such purpose, and for succeeding calendar years not to exceed 39 per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.*

(b) \$1,500,000 for the fiscal year [1959] 1960 for contributions to the technical cooperation program of the Organization of American States.

* * * * *

SEC. 308. INTERNATIONAL DEVELOPMENT ADVISORY BOARD.—There shall be an advisory board, referred to in this section as the “Board,” which shall advise and consult with the President, or such other officer or officers as he may designate [to administer this title], with respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 413(b). The Board shall consist of not more than thirteen members appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups interested in the programs, including business, labor, agriculture, public health, and education. All members of the Board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any United States Government agency) who as such regularly receives compensation for current services. Members of the Board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purpose of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem, or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, in lieu of subsistence and other expenses.

TITLE IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 400. SPECIAL ASSISTANCE.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1959] 1960 not to exceed [\$202,500,000] \$244,620,000 for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability.

(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the President not to exceed \$25,000,000, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education,

and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 per centum of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

(c) The President is authorized to use not to exceed **[\$10,000,000]** \$20,000,000 of funds appropriated pursuant to subsection (a) of this section for assistance, on such terms and conditions as he may specify, to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other Act authorizing assistance of this kind. Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, for the purposes of this subsection.

SEC. 401. UNITED NATIONS EMERGENCY FORCE.—*The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1960 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force.*

SEC. 402. EARMARKING OF FUNDS.—Of the funds authorized to be made available in the fiscal year **[1959]** 1960 pursuant to this Act (other than funds made available pursuant to title II), not less than \$175,000,000 shall be used to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section.

SEC. 403. RESPONSIBILITIES IN GERMANY.—The President is hereby authorized to use during the fiscal year **[1959]** 1960 not to exceed **[\$8,200,000]** \$7,500,000 of the funds made available pursuant to section 400(a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In

carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded.

SEC. 405. MIGRANTS, REFUGEES, AND ESCAPEES.—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee.

(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated for the fiscal year [1959] 1960 not to exceed [\$1,200,000] \$1,100,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.

(d) There is hereby authorized to be appropriated to the President for the fiscal year [1959] 1960 not to exceed [\$8,600,000] \$5,200,000 for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 451 of this Act.

SEC. 406. CHILDREN'S WELFARE.—There is hereby authorized to be appropriated not to exceed [\$11,000,000] \$12,000,000 for the fiscal year [1959] 1960 for contributions to the United Nations Children's Fund.

SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—There is hereby authorized to be appropriated to the President for the fiscal year [1959] 1960 not to exceed \$25,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided*, That of the funds appropriated pursuant to this section fifteen per centum shall be available only for repatriation or resettlement of such refugees. In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate.

SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—(a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U.S.C. 287r).

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve Officers may serve for periods of more than **[four]** *five* years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U.S.C. 922).

SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) There is hereby authorized to be appropriated to the President for the fiscal year **[1959]** *1960* not to exceed **[\$2,100,000]** *\$2,300,000* to carry out the purposes of this section.

(d) In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.

[SEC. 410. CONTROL ACT EXPENSES.—There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$1,000,000 for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611). In addition, in accordance with section 303 of that Act, funds made available for carrying out chapter I of this Act shall be available for carrying

out the purpose of this section in such amounts as the President may direct.】

SEC. 411. ADMINISTRATIVE AND OTHER EXPENSES.—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 【1959】 1960 not to exceed 【\$33,000,000】 \$39,500,000 for necessary administrative expenses incident to carrying out the provisions of this Act (other than chapter I and title II of chapter II) and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance.

(c) There are authorized to be appropriated to the Department of State such amounts【, not to exceed \$7,000,000 in any fiscal year,】 as may be necessary from time to time for administrative expenses which are incurred for functions of the Department under this Act or for normal functions of the Department which relate to functions under this Act, *and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): Provided, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct.*

(d) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

SEC. 412. PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUND.—*Of the funds appropriated pursuant to section 103(a) for use beginning in each of the fiscal years 1960 through 1964, \$10,000,000 for each such year shall be available only as follows:*

(a) \$5,000,000 shall be available until expended only for financing studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands. Such financing may include payment for transportation, tuition, maintenance and other expenses incident to scholastic activities. The President may employ such funds to augment programs of this character authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended, and by the United States Information and Educational Exchange Act of 1948, as amended, and he may consolidate such portions of such \$5,000,000 as he may deem appropriate with appropriations made to carry out these two Acts.

(b) \$5,000,000 shall be available until expended only for the training of people of underdeveloped countries in skills which will contribute to economic development. Such training shall be carried out in accordance with the policies set forth in title III of chapter II, relating to technical cooperation, and such \$5,000,000 may be consolidated with appropriations made for carrying out title III of chapter II.

SEC. 413. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, nations participating in programs under this Act;

(3) shall, consistent with the security and best interest of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

(4) may make, through an agency responsible for administering nonmilitary assistance under this Act, until June 30, 1967, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That—*

(A) such projects shall be approved by the President as furthering [any of the purposes of this Act] *the development of the economic resources and productive capacities of economically underdeveloped areas*, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war;

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section: *Provided*, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced;

(F) the President is authorized to issue guaranties up to a total face value of **[\$500,000,000]** \$1,000,000,000 exclusive of informational media guaranties heretofore and hereafter issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)): *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, and funds realized after June 30, 1955, from the sale of currencies or other assets acquired pursuant to subparagraph (C), shall be available for allocation to other guaranties, and the foregoing limitation shall be increased to the extent that such funds become available. Any payments made to discharge liabilities under guaranties issued under this paragraph shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of currencies or other assets acquired pursuant to subparagraph (C) and notes which have been issued under authority of paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and authorized to be issued

under this paragraph by the Director of the International Cooperation Administration or such other officer as the President may designate, when necessary to discharge liabilities under any such guaranty: *Provided*, That all guaranties issued after June 30, 1956, pursuant to this paragraph shall be considered for the purposes of sections 3679 (31 U.S.C. 665) and 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States of such guaranties; and the President shall, in the submission to the Congress of the reports required by section 534 of this Act, include information on the operation of this paragraph: *Provided further*, That at all times funds shall be allocated to all outstanding guaranties issued prior to July 1, 1956, exclusive of informational media guaranties issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, equal to the sum of the face value of said guaranties. For the purpose of this paragraph the Director of the International Cooperation Administration or such other officer as the President may designate is authorized to issue notes (in addition to the notes heretofore issued pursuant to paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended) in an amount not to exceed \$37,500,000, and on the same terms and conditions applicable to notes issued pursuant to said paragraph 111(c)(2);

(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in [achieving any of the purposes of this Act] *furthering the development of the economic resources and productive capacities of economically underdeveloped areas*;

(H) as used in this paragraph—

(i) the term “person” means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

(ii) the term “investment” includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

(c) Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment, and business operations in foreign countries, shall

conduct a study of the ways and means in which the role of the private sector of the national economy can be more effectively utilized and protected in carrying out the purposes of this Act, so as to promote the foreign policy of the United States, to stabilize and to expand its economy and to prevent adverse effects, with special reference to areas of substantial labor surplus. Such study shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States.

* * * * *

SEC. 419. ATOMS FOR PEACE.—(a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year [1959] 1960 not to exceed [\$5,500,000] \$6,500,000 to carry out the purposes of this section.

(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately die-stamped or labeled as a product of the United States shall be so stamped or labeled.

* * * * *

CHAPTER III—CONTINGENCY FUND

SEC. 451. PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND.—(a) Of the funds made available for use under this Act, not to exceed \$150,000,000, in addition to the funds authorized for use under this subsection by subsection (b) of this section, may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act or any Act appropriating funds for use under this Act, in furtherance of any of the purposes of such Acts, when the president determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this subsection may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by

the President that he has expended amounts under this Act not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$30,000,000 of the funds available under this subsection may be allocated to any one nation in any fiscal year.

(b) There is hereby authorized to be appropriated to the President for the fiscal year **[1959]** 1960 not to exceed **[\$155,000,000]** \$180,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section.

(c) It is the purpose of this Act to advance the cause of freedom. The Congress joins with the President of the United States in proclaiming the hope that the peoples who have been subjected to the captivity of communist despotism shall again enjoy the right of self-determination within a framework which will sustain the peace; that they shall again have the right to choose the form of government under which they will live, and that sovereign rights of self-government shall be restored to them all in accordance with the pledge of the Atlantic Charter. Funds available under subsection (a) of this section may be used for programs of information, relief, exchange of persons, education, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism.

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 501. TRANSFERABILITY OF FUNDS.—(a) Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provisions of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount made available for such provision pursuant to this Act.

(b) *In view of the rapidly increasing danger to the independence of friendly countries which is presented by the trade and assistance programs of international communism, and notwithstanding subsection (a) of this section, the President is authorized to transfer to and consolidate with funds made available for nonmilitary use under titles III and IV of chapter II up to 30 per centum of the funds made available for military use under chapter I.*

* * * * *

SEC. 503. (a) TERMINATION OF ASSISTANCE.—If the President determines that the furnishing of assistance to any nation under any provision of this Act—

- (1) is no longer consistent with the national interest or security or the foreign policy of the United States; or
- (2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this section for the necessary expenses of liquidating assistance programs.

(b) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance, whereby such grant assistance shall be progressively reduced and eliminated.

SEC. 504. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under chapter II of this Act—

(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to Chapter I, such information to be furnished as far in advance as possible.

(d) There is hereby authorized to be appropriated to the President for the fiscal year 1960 not to exceed \$2,500,000 to make available to foreign small business concerns in underdeveloped countries, or to foreign government organizations established for the purpose of helping such concerns in underdeveloped countries, on such terms and conditions as he may determine, machine tools, industrial equipment and other equipment owned by agencies of the United States Government.

SEC. 505. LOAN ASSISTANCE AND SALES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies

or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act and shall emphasize loans rather than grants wherever possible. Whenever commodities, equipment, materials, or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities, equipment, materials, or services which generated the currencies were appropriated.

(b) Funds for the purpose of furnishing assistance on terms of repayment may be allocated to the Export-Import Bank of Washington, which may, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. [Amounts received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be used for such purposes, including further loans, as may be authorized from time to time by Congress.] *United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan which are in excess of the requirements as determined from time to time by the Secretary of State for purposes authorized in section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. app. 1641(b)), may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to the Development Loan Fund, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of title II of chapter II of this Act. Amounts received in repayment of principal and interest on any credits made under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.*

SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. *The chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.*

[(c) Under the direction of the President, the Secretary of State shall:

[(1) coordinate the various forms of assistance authorized by this Act so that the foreign policy of the United States may be best served thereby; and

[(2) determine the value of the program under chapter I for any country.]

(c) *Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.*

SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed [sixty] *seventy-five* may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed [thirty-five] *fifty* may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) For the purpose of performing functions under this Act outside the continental limits of the United States, the Director may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds thirty months, to the same benefits as are

provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U.S.C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act: *Provided, however,* That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months.

(d) For the purpose of performing functions under this Act outside the continental limits of the United States, the Secretary of State may, at the request of the Director, appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions.

* * * * *

SEC. 537. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of this Act (except for chapter I), allocations to any United States Government agency, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to any agency administering nonmilitary assistance, shall be available for:

(1) rents in the District of Columbia;

(2) expenses of attendance at meetings concerned with the purposes of such appropriations, including (notwithstanding the provisions of section 9 of the Act of March 4, 1909 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 530 of this Act;

(3) employment of aliens, by contract, for services abroad;

(4) purchase, maintenance, operation, and hire of aircraft: *Provided,* That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: *Provided,* That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles abroad for administrative purposes may be purchased for replacement only and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles and the cost, including exchange allowance, of each such replacement shall not exceed **[\$3,300]** \$3,800 in the case of

an automobile for the chief of any special mission or staff abroad established under section 526 of this Act: *Provided further*, That passenger motor vehicles may be purchased for use in the continental United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment within the United States (not to exceed \$15,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543), and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by an officer administering nonmilitary assistance, or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles in foreign countries;

(10) rental or lease outside the continental limits of the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties;

(11) actual expenses of preparing and transporting to their former homes in the United States or elsewhere, and of care and disposition of, the remains of persons or member of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection (a);

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program of furnishing technical information and assistance, while such participants are away from their homes in countries other than the continental United States, at rates not in excess of those prescribed by the Standardized Government Travel Regulations, notwithstanding any other provision of law;

(14) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 and the following), not otherwise provided for;

(15) ice and drinking water for use abroad;

(16) services of commissioner officers of the Public Health Service and of the Coast and Geodetic Survey, and for the purposes of providing such services the Public Health Service may appoint not to exceed twenty officers in the regular corps to grades above that of senior assistant, but not above that of director, as otherwise authorized in accordance with section 711 of the Act of July 1, 1944, as amended (42 U.S.C. 211a), and the Coast and Geodetic Survey may appoint for such purposes not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the continental United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel) and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year, and cost of transporting to and from a place of storage, and the cost of storing, the furniture and household and personal effects of any employee (i) for not to exceed three months after first arrival at a new post, (ii) when an employee is assigned to a post to which he cannot take, or at which he is unable to use, his furniture and household and personal effects, (iii) when such storage would avoid the cost of transporting such furniture and effects from one location to another, (iv) when he is temporarily absent from his post under orders, or (v) when through no fault of the employee storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel, under such regulations as an officer administering nonmilitary assistance, or such person as he may designate, may prescribe;

(18) payment of unusual expenses incident to the operation and maintenance of official residences for chiefs of special missions or staffs serving in accordance with section 526 of this Act.

(b) United States Government agencies are authorized to pay the costs of health and accident insurance for foreign participants in any exchange-of-persons program or any program of furnishing technical information and assistance administered by any such agency while such participants are en route or absent from their homes for purposes of participation in any such program.

(c) Notwithstanding the provisions of section 406(a) of Public Law 85-241, not to exceed **[\$26,000,000]** \$27,750,000, of the funds available for assistance in Korea under this Act may be used by the President to construct or otherwise acquire essential living quarters, office space, and supporting facilities in Korea for use by personnel carrying out activities under this Act, and not to exceed \$2,750,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere.

(d) Funds made available under section 400(a) may be used for expenses (other than those provided for under section 411(b) of this Act) to assist in carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance.

(e) Funds available under this Act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527(c)(2) of this Act (through interchange or otherwise) at any State or local unit of government, public or private non-profit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, Eighty-fourth Congress, may be used to carry out the foregoing

authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62 and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however,* That any such payments to an employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States.

[(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, a detailed explanation of the method by which the proposed programs for each country have been arrived at shall be submitted, including all significant factors considered in arriving at such proposed programs.]

(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered in determining the level of aid for such country; the reason for including each such factor and an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the determination of the particular level of forces to be supported by the proposed request for authorization and appropriation for military assistance, the factors considered in arriving at each country determination, and where the level of forces supported by military assistance differs from the total level of forces maintained in any such country, an explanation, in detail, of the reason for the difference in such level of forces.

* * * * *

SEC. 543. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110(a) (2) of the Economic Cooperation Act

of 1948, as amended, shall be converted to appointments under section 527(c) of this Act.

(d) Funds appropriated pursuant to provisions of this Act repealed [by the Mutual Security Act of 1956, 1957, or 1958] *subsequent to the time such funds are appropriated* shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any Act to provisions of this Act repealed or stricken out by the Mutual Security Act of 1957 or subsequent Acts are hereby stricken out; and references in any Act to provisions of this Act redesignated by the Mutual Security Act of 1957 or subsequent Acts are hereby amended to refer to the new designations. [Until June 30, 1958, funds used for the purposes of this Act shall be so used in accordance with the provisions of this Act as in effect prior to the date of enactment of the Mutual Security Act of 1958.]

* * * * *

[SEC. 549. SPECIAL PROVISIONS ON AVAILABILITY OF FUNDS.—An amount equal to 25 per centum of the funds authorized to be appropriated for any fiscal year for purposes of title III of chapter II or section 403 of this Act is authorized to be continued available for three months beyond the end of the fiscal year for which appropriated.]

SEC. 550. INFORMATION POLICY.—*The President shall, in the reports required by section 534, or in response to requests from Members of the Congress or inquiries from the public, make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States.*

SEC. 551. LIMITATION ON THE USE OF THE PRESIDENT'S SPECIAL AUTHORITY.—*The authority contained in sections 403, 451, and 501 of this Act shall not be used to augment appropriations made pursuant to sections 103(b), 408, 411(b), and 411(c) or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses.*

Public Law 885, 84th Congress

AN ACT To provide certain basic authority for the Department of State.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of State is authorized to establish, maintain, and operate passport and dispatch agencies.

SEC. 2. The Secretary of State, when funds are appropriated therefor, may—

(a) provide for printing and binding outside the continental United States without regard to section 11 of the Act of March 1, 1919 (44 U.S.C. 111);

(b) pay the cost of transportation to and from a place of storage and the cost of storing the furniture and household and personal effects of an employee of the Foreign Service who is assigned to a post at which he is unable to use his furniture and effects, under such regulations as the Secretary may prescribe;

(c) employ aliens, by contract, for services abroad;

(d) provide for official functions and courtesies;

(e) purchase uniforms; and

(f) pay tort claims, in the manner authorized in the first paragraph of section 2672, as amended, of title 28 of the United States Code when such claims arise in foreign countries in connection with Department of State operations abroad.

SEC. 3. The Secretary of State is authorized to—

(a) obtain insurance on official motor vehicles operated by the Department of State in foreign countries, and pay the expenses incident thereto;

(b) rent tie lines and teletype equipment;

(c) provide ice and drinking water for United States Embassies and Consulates abroad;

(d) pay excise taxes on negotiable instruments which are negotiated by the Department of State abroad;

(e) pay the actual expenses of preparing and transporting to their former homes the remains of persons, not United States Government employees, who may die away from their homes while participating in international educational exchange activities under the jurisdiction of the Department of State;

(f) pay expenses incident to the relief, protection, and burial of American seamen, and alien seamen from United States vessels in foreign countries and in the United States Territories and possessions;

(g) pay the expenses incurred in the acknowledgment of the services of officers and crews of foreign vessels and aircraft in rescuing American seamen, airmen, or citizens from shipwreck or other catastrophe abroad or at sea;

(h) rent or lease, for periods of less than ten years, such offices, buildings, grounds, and living quarters for the use of the Foreign Service abroad as he may deem necessary, and make payments therefor in advance; and

(i) maintain, improve, and repair properties rented or leased pursuant to authority contained in subsection (h) of this section and furnish fuel, water, and utilities for such properties.

SEC. 4. The Secretary of State is authorized to—

(a) make expenditures, from such amounts as may be specifically appropriated therefor, for unforeseen emergencies arising in the diplomatic and consular service and, to the extent authorized in appropriation Acts, funds expended for such purposes may be accounted for in accordance with section 291 of the Revised Statutes (31 U.S.C. 107); and

(b) delegate to subordinate officials the authority vested in him by section 291 of the Revised Statutes pertaining to certification of expenditures.

SEC. 5. The Secretary of State is authorized to—

(a) provide for participation by the United States in international activities which arise from time to time in the conduct of foreign affairs for which provision has not been made by the terms of any treaty, convention, or special Act of Congress: *Provided*, That this subsection shall not be construed as granting authority to accept membership for the United States in any international organization, or to participate in the activities of any international organization for more than one year without approval by the Congress; and

(b) pay the expenses of participation in activities in which the United States participates by authority of subsection (a) of this section, including, but not limited to the following:

- (1) Employment of aliens;
- (2) Travel expenses without regard to the Standardized Government Travel Regulations and to the rates of per diem allowances in lieu of subsistence expenses under the Travel Expense Act of 1949, as amended (5 U.S.C. 835-842);
- (3) Travel expenses of persons serving without compensation in an advisory capacity while away from their homes or regular places of business not in excess of those authorized for regular officers and employees traveling in connection with said international activities; and
- (4) Rental of quarters by contract or otherwise.

SEC. 6. The provisions of section 8 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287e), and regulations thereunder, applicable to expenses incurred pursuant to that Act, may be applicable to the obligation and expenditure of funds in connection with United States participation in the International Civil Aviation Organization.

SEC. 7. The exchange allowances or proceeds derived from the exchange or sale of passenger motor vehicles in possession of the Foreign Service abroad, in accordance with section 201(c) of the Act of June 30, 1949 (40 U.S.C. 481(c)), shall be available without fiscal year limitation for replacement of an equal number of such vehicles.

SEC. 8. The Secretary of State may, when authorized in an appropriation or other law, transfer to any department, agency, or independent establishment of the Government, with the consent of the head thereof, any funds appropriated to the Department of State, for direct expenditure by such department, agency, or independent establishment for the purposes for which the funds are appropriated.

SEC. 9. The Secretary of State is authorized to enter into contracts in foreign countries involving expenditures from funds appropriated or otherwise made available to the Department of State, without regard to the provisions of section 3741 of the Revised Statutes (41 U.S.C. 22): *Provided*, That nothing in this section shall be construed to waive the provisions of section 431 of title 18 of the United States Code.

SEC. 10. Appropriated funds made available to the Department of State for expenses in connection with travel of personnel outside the continental United States, including travel of dependents and transportation of personal effects, household goods, or automobiles of such personnel shall be available for such expenses when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year.

SEC. 11. Notwithstanding the provisions of section 16(a) of the Act of August 2, 1946 (5 U.S.C. 78(c)), the Secretary of State may authorize any chief of diplomatic mission to approve the use of Government-owned vehicles in any foreign country for transportation of United States Government employees from their residence to the office and return when public transportation facilities are unsafe or are not available.

SEC. 12. The Secretary of State, with the approval of the Bureau of the Budget, shall prescribe the maximum rates of per diem in lieu of subsistence (or of similar allowances therefor) payable while away from their own countries to foreign participants in any exchange of persons program, or in any program of furnishing technical information and assistance, under the jurisdiction of any Government agency, and said rates may be fixed without regard to any provision of law in limitation thereof.

SEC. 13. Allowances granted under section 901(1) of the Foreign Service Act of 1946 (22 U.S.C. 1131(1)), may include water, in addition to the utilities specified.

SEC. 14. Appropriations now or hereafter made available for allowances granted under the authority in part A of title IX of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131), including an allowance for water as authorized in section 13 of this Act shall be available for the payment of such allowances in advance.

SEC. 15. Appropriations to carry out the purposes of this Act are hereby authorized. When so provided in an appropriation law, an appropriation made to the Department of State may remain available until expended.

SEC. 16. (a) *The Secretary of State is authorized to make grants to individuals who are engaged in teaching any modern foreign language, in an elementary or secondary school or an institution of higher education. Such grants shall be for the purpose of enabling such individuals, during the summer period when their services as teachers are not required, to obtain in an area, region, or country in which the language they are teaching is commonly used, advanced training in such language and training in other fields needed for a full understanding of such area, region, or country. The Secretary shall consult with the Secretary of Health, Education, and Welfare with respect to the selection of individuals for grants under this section and the establishment of standards for their selection, and the Secretary of State may make arrangements for the performance by the Department of Health, Education, and Welfare of such functions under this section as may be mutually agreeable to the Secretary of State and Secretary of Health, Education, and Welfare.*

(b) *Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the Secretary of State, in carrying out the provisions of this section, may use currencies, or credits for currencies, of any foreign government (1) held or available for expenditure by the United States and not required by law or agreement with such government to be expended or used for any other purposes, or (2) made available under the provisions of subsection (c) of this section.*

(c) *In order to make additional funds available for the purposes of this section the Secretary of State is authorized to enter into an executive agreement or agreements with any foreign government for the use of currencies, or credits for currencies, of such government deposited pursuant to agreements entered into under section 142(b) of the Mutual Security Act of 1954 or section 115(b)(6) of the Economic Cooperation Act of 1948, or any other Act and not required by agreement with such government to be expended or used for any other purposes.*

Section 522 of the Foreign Service Act of 1946, as Amended (22 U.S.C. 92)**APPOINTMENTS AND ASSIGNMENTS TO THE RESERVE**

SEC. 522. Whenever the services of a person who is a citizen of the United States and who has been such for at least five years are required by the Service, the Secretary may—

(1) appoint as a Reserve officer for nonconsecutive periods of not more than five years each, a person not in the employ of the Government whom the Board of the Foreign Service shall deem to have outstanding qualifications; **[and]**

(2) assign as a Reserve officer for nonconsecutive periods of not more than five years each a person regularly employed in any Government agency, subject, in the case of an employee of a Government agency other than the Department of State, to the consent of the head of the agency concerned **[.]**; and

(3) *extend the appointment or assignment of any Reserve officer, or continue the services of any such Reserve officer by reappointment without regard to the provisions of section 527 of this Act, for not more than five additional years if the Secretary deems it to be in the public interest to continue such officer in the Service, except that the assignment of any Reserve officer under paragraph (2) above may not be extended under the provisions of this paragraph without the consent of the head of the agency concerned.*

Section 1011(a) of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442)**INFORMATIONAL MEDIA GUARANTIES**

SEC. 1011. (a) The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 413 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States: *Provided, That the purpose of making informational media guaranties shall be the achievement of the foreign policy objectives of the United States, including the objective mentioned in sections 413(b)(4)(A) and 413(b)(4)(G) of the Mutual Security Act of 1954, as amended.*

MINORITY VIEWS OF MR. MORSE ON S. 1451

The Committee on Foreign Relations has reported S. 1451 favorably to the Senate by a vote of 13 to 2, with 2 members not voting. Although the committee made many amendments to the bill originally proposed by the President, I voted against reporting the bill to the Senate.

My vote against reporting this bill was not cast because of any basic opposition to the concept of mutual security. Indeed, I support the basic concept of the mutual security legislation. The legislation has had my support in the past when I thought it was cast in a mold to serve the interests of the American people. But I have voted against the legislation in the past when I have found it so unsound in some of its provisions as to fail to serve the interests of our Nation.

RECORD IN COMMITTEE

During more than 3 weeks of sessions of the Committee on Foreign Relations I did my utmost to bring about changes in the Mutual Security Act of 1959 which might have adapted it to serve our interests. During our sessions I submitted the following proposals:

1. Because of my deep interest in our relations with Latin America and a belief that our programs there have overemphasized military assistance, I proposed an amendment which would have reduced the \$96.5 million to be made available for military assistance to \$50 million. My amendment would have made the difference between \$50 million and \$96.5 million, namely, \$46.5 million, available for special assistance to promote economic development in Latin America. This amendment was rejected by the committee.

2. In an effort at reasonable compromise, and in cooperation with the junior Senator from Idaho, Mr. Church, we were successful in reducing the amount of military assistance for Latin America to a figure of \$65 million, the difference between that and the amount requested by the administration, \$31.5 million, being available for assistance "to an international military force under the control of the Organization of American States." This amendment also provided that if such a force could not be brought into being, the sum of \$31.5 million is to be used for economic assistance to Latin America. This compromise is a move in the right direction but does not go far enough toward reducing military assistance to Latin America or increasing our assistance in the economic development of this area so vital to our national interest.

3. I seconded a motion by the junior Senator from Idaho, Mr. Church, making it clear that our assistance to Latin America should promote hemispheric defense and should not be provided for the purpose of maintaining internal security in those countries. This provision materially strengthened language of an amendment which was adopted last year on my motion. It is my belief that if the United States intervenes in internal security matters in Latin American

countries, it is violating one of the most basic tenets of the good neighbor policy. This amendment, much to my satisfaction, was accepted by the committee.

4. I supported an amendment offered by the junior Senator from Florida, Mr. Smathers, which, if accepted, would have expressed congressional support for the creation of a Western Hemisphere police force. The amendment was rejected.

5. I supported an amendment by the junior Senator from Idaho which was adopted and we hope it will restrict the practice by the administration of putting the "secret" label on certain information about our mutual security program which the American people must know if they are to be able to judge the usefulness of foreign aid expenditures of their tax dollars.

6. I strongly urged an amendment which would have stopped military assistance to Latin American countries with dictatorial regimes. I wanted our policy to be clear that U.S. assistance is not to be used to support Fascist or Communist governments anywhere. This amendment was rejected.

7. In the committee I gave general support to the Fulbright amendment which would have authorized the appropriation of \$1.5 billion for each of 5 years for the Development Loan Fund. As a practical matter, I did not believe it would be feasible for countries we might assist to absorb \$1.5 billion per year, at least not in the next couple of years. I therefore moved to reduce the amount authorized from \$1.5 billion per year to \$1 billion per year and this motion was adopted by the committee.

In this connection, I should note that in the past I have opposed putting the Development Loan Fund on a long-term basis. It is my belief, however, that it is the duty of a Senator to follow where the facts lead. Careful examination and study of the operations of the Development Loan Fund and of the needs for capital loans to developing countries led me to conclude that this fund should be put on a long-term, loan basis. My membership on the Committee on Foreign Relations provided the background for this conclusion, and I believe that the long-term Development Loan Fund provisions included in the bill before the Senate are among its strongest and most significant features. I shall support the retention of this provision in the bill.

8. Consistent with my belief that the long-term loan principle is sound for economic assistance was my motion to reduce military funds in the bill by \$400 million. This motion was rejected by the committee. I regret that the committee did not adopt this amendment, which would have saved the taxpayers \$400 million in the most bloated part of the bill and would have served notice on the Soviet Union and informed our friends that we view the principal threat to freedom and independence to be that attributable to inability to raise standards of living throughout the world.

9. I moved to reduce the amount authorized for defense support from \$835 million to \$750 million, a reduction of 10 percent. This motion was rejected. Defense support is a form of grant economic assistance, presumably justified because of our military assistance expenditures, which I believe are excessive. The area of defense support has, in my opinion, been one of the most wasteful of the entire program. It could be reduced by 20 percent and still not injure the overall program.

10. I also moved to reduce the category of special assistance—another grant economic aid program—by 10 percent. This motion was agreed to. This saved \$27 million from the administration request.

11. Finally, I moved to reduce the amount available to the President in the contingency fund by 60 percent, a total of \$120 million. This motion, if it had succeeded, would have saved the taxpayers of the United States a substantial amount which I am convinced will be frittered away if it is left in the bill. I refused to go along with a motion to reduce this figure by only 10 percent because such a reduction would have been only a token reduction done only for parliamentary negotiating purposes.

I have gone to some length in this report in discussing my record during the executive markup sessions of the Committee on Foreign Relations because those records are not made public and because the suggestion is often made that I do not have positive reasons for certain of my actions.

At the time I announced my vote against favorably reporting S. 1451, a summary of my reasons for opposing that bill was set forth in a press release. On June 16, I stated:

SUMMARY OF VIEWS

I voted against the mutual security bill in the Foreign Relations Committee for the following reasons:

1. The committee failed to eliminate at least \$400 million of military aid waste in the bill.

2. It failed to eliminate at least another \$200 million of waste in other items of the bill.

3. The bill provides for \$245 million more than the Eisenhower administration asked for in the first place.

4. The bill does a great injustice to the American taxpayers. It grants great sums of money to many countries in which tax evasion and tax dodging are notorious.

Such low tax-collecting countries should be required to pay more of their share of mutual defense by collecting taxes from their own people rather than have the taxpayers of the United States assume tax burdens other than their own. The time has come for the American taxpayers to hold both the Congress and the executive branch of our Government to a political accounting for such an inexcusable waste of millions of American tax dollars.

5. The bill does not represent the real desire of many members of the committee as to the amounts of money for many of the items. I refuse to vote for a bill for parliamentary trading purposes. By that I mean that some members voted for higher amounts in the bill because they expect both the Senate and the conference committee to cut those amounts and then they expect the Appropriations Committee may cut them. I consider it the duty of the Foreign Relations Committee to vote out a bill that represents the honest judgment of the committee—not a padded bill. This bill is knowingly padded.

6. The bill in part weakens American security because it will stir up anti-American feeling in many parts of the world. Its grants to dictatorships of large sums for military aid do not strengthen us in our fight against communism but rather play into Russia's hands. It creates a great deal of anti-American feeling in many parts of the world.

I am for strong U.S. defenses and strong NATO defenses and for sound foreign economic aid. But I am not for this bill which perpetuates an unsound foreign policy and weakens our greatest defense weapon, namely, our own economic strength.

The votes of many of the majority cannot be squared by their professions about balancing the budget. Here was a chance for the budget balancers to save a minimum of \$600 million for the taxpayers of America and not weaken our national security one iota.

I wish to warn the American people that once again an attempt will be made by this administration and the supporters of this bill to scare them into believing that Russia will get us if we don't adopt this bill which, in fact, wastes hundreds of millions of dollars.

I will yield to no one in voting adequate defenses for my country, but I refuse to be a party to letting the military minds, which are in control of our mutual security program, continue to waste such huge sums of money. I know that if the American taxpayers knew the facts about this bloated bill, they would support my position.

It is my hope that when the bill reaches the floor of the Senate, we will be able to modify it and amend it so that all of us can vote for it.

In 1957 I voted against a mutual security bill in the Foreign Relations Committee and on the first vote in the Senate, but the fight that those of us put up in opposition to its original form resulted in sufficient modification in the final conference with the House that I was able to vote for it on final passage.

I hope that similar modifications will be made in this bill so that I can vote for it. However, if it remains in its present form, I shall continue to vote against it in the interest of a sound mutual security program.

SHORTCOMINGS OF BILL

Mutual security legislation will have my support in the future if, but only if, I am convinced that it has been adapted in such a way as to protect this Nation from military threat, to assist developing nations to get on their own feet economically, socially, and politically, and to promote individual freedom abroad. The bill before the Senate is better than the bill sent to the Senate by the President. But it suffers from the serious shortcomings I have mentioned above.

Financially, the bill before the Senate gives the President not only what he asked for in the sums to be authorized for expenditure, namely, \$3.9 billion, but makes available to him no less than \$245 million more than he asked for. The bill authorizes the appropriation

of \$3.1 billion. But, in addition, it permits the President to borrow an additional \$1 billion from the Treasury for the Development Loan Fund, a program of economic loans to foreign countries.

The argument is made that the President will not use this \$1 billion. The argument is made that this \$1 billion will not be a charge on the Treasury during the next fiscal year. I am not persuaded by these arguments because they are simply evasions of one important fundamental fact, namely, that this \$1 billion will eventually be charged to the American taxpayer. This billion dollar amount is a sound estimate and I am all for it. However, the bill should be cut in other items so as to reduce it substantially from the total amount asked for by the administration.

As I noted above, I support making this \$1 billion available for development loans. But we should not vote this money and then try to justify it by claiming that it really will not be spent. Instead, we should reduce proportionately those portions of the bill containing direct military assistance funds and those containing economic assistance related to military aid.

Indeed, I believe the President should use the funds in the Development Loan Fund as rapidly as sound programs can be developed. We have no time to spare in the economic race with the Soviet Union. The greatest threat we face is that posed by the economic offensive of the Soviet Union in underdeveloped countries and I am at a loss to understand why Members of Congress can take the position that the Development Loan Fund should be reduced and military assistance maintained at a large figure.

Actually, the program presented originally by the President, so far as its overall figures were concerned, was not as badly inflated as it was out of balance. I object, however, to giving the President on an overall basis more than he asked for.

The fact is, and we may as well face it, that it is a characteristic of Presidents to ask Congress for more than is needed to meet estimates of the executive branch, simply because Presidents expect to have their requests for funds reduced in amount by the Congress. This year, however, the President will get, if this bill passes, not only what he asked for, but \$245 million more. Furthermore, once Congress gives money to the President, he spends it. I know there are a few exceptions to this statement, but I predict that if Congress gives the President authority to commit a total of \$4.1 billion during next year, he will spend it.

Administratively, the bill before the Senate is a monstrous thing. It is wide open with delegations of legislative authority to the President. The President is given a contingency fund of \$180 million—the fund I sought to reduce by 60 percent. He in turn delegates meaningful authority to handle that fund to various lower echelon, politically irresponsible, officials.

The bill also labels economic assistance as defense support. It provides funds for military assistance for projects which have no relationship to the security of the United States. The bill continues as a separate agency the International Cooperation Administration and gives it administrative responsibility for vital activities of foreign policy. The bill makes no provision for continuity of planning. It is still based on the theory that foreign aid may come to an end next year, when we all know it will not.

The bill, even with the admirable amendment by the junior Senator from Idaho, Mr. Church, does not go far enough in preventing use of the secrecy label by the administration in keeping secret from the American people factors affecting our very survival.

Militarily, the bill is loaded with unnecessary funds for military assistance to countries which could be of no conceivable assistance in defense against the possibility of military attack by the Soviet Union. Military funds are available to bolster dictatorships, to rent military sites at exorbitant prices, to support armies vastly in excess of recipient countries' capacities, to provide sophisticated weapons to unsophisticated people, and to assist our own Military Establishment in unloading obsolete equipment, thereby acquiring funds in excess of amounts authorized by the Congress in military appropriation bills.

Economically, the bill contains financial gifts for governments that should be doing more for themselves, but which will never undertake essential economic readjustments so long as we continue to support them. Although the bill would make \$1 billion per year for 5 years available to the Development Loan Fund—of which I heartily approve—it has failed to accompany that desired action with a move toward reducing gift funds, and the padded requests for military assistance.

PAST RECOMMENDATIONS IGNORED

My opposition to this bill, and the opposition of many of my colleagues in the Senate, should come as no surprise to the executive branch of the Government.

In the summer of 1956, the late distinguished chairman of the Committee on Foreign Relations, Senator George, proposed the creation of a Special Committee to Study the Foreign Aid Program. He knew even then the program was in trouble. The committee created by the Senate included not only all of the members of the Committee on Foreign Relations, but distinguished senior members from the Committees on Appropriations and Armed Services, including Senators Hayden, Russell, Bridges, and Saltonstall. The special committee, assisted by an able staff, enlisting the research facilities of the most reputable educational and research institutions in the United States, and with the help of a number of our most able citizens of all political persuasions, reported the results of its work to the Senate in May of 1957.

The special committee submitted a unanimous report—a most unusual occurrence in the U.S. Senate.

That report set forth in 30 pages the most definitive analysis of our aid program that has ever been produced. Broad-gauge, carefully worked out recommendations were outlined in heavy, black type, the better to be read by the Executive and the Congress.

So far as I have been able to ascertain, those recommendations, most of which were directed at the executive branch of the Government, were not read, or, if read, fell on sterile soil. Regretfully, some of the recommendations which should have been taken to heart by my colleagues in the Congress were also ignored.

As a result of the executive branch phobia—that only what it originates is right—and as a result of our congressional inability to force into the program certain changes in policy direction and admin-

istrative practice, the foreign aid program has encountered increasing opposition among the American people. Many of the able Senators who served on that special committee have found the annual foreign aid programs presented to the Congress to be so at variance with concepts of a sound aid program that they have had to vote against them, despite the fact that in 1957 they were able to subscribe to a unanimous report which in summary stated:

In summary, the committee believes that there are valid reasons for the United States to continue various types of foreign aid. Such aid, if clearly conceived and properly administered, may be expected to serve the interests of the United States by promoting its defense, by contributing to its economic growth and spiritual strength, and by helping to develop a world environment of freedom in which the American people may live in peace.

Uncertainties have plagued the foreign aid programs in recent years. The committee does not believe that the foreign policy interests of the United States are served by continued uncertainty as to the objectives and the nature of our aid programs. Such uncertainties have given rise to confusion not only among our citizens but to confusion among nations which look to the United States for leadership.

The committee was impressed by the fact that it has received very few expressions of view proposing the outright abandonment of these programs. There have been criticisms of particular programs, but often those who opposed one program supported another. Some who were critical of military assistance, for example, supported funds for economic development; some who felt that economic assistance should be on a loan basis have urged military assistance on a grant basis; some who opposed economic assistance through the United Nations supported bilateral technical assistance programs.

As indicated in the following pages, there are many ways in which foreign aid programs can and must be improved. Objectives can be clarified, some grant programs can be converted to loans, administration can be streamlined, and substantial sums can be saved. **There may be disagreement as to details and amounts, but on the fundamental question of whether these programs in modified and improved form should be continued, there is only one answer.**

Foreign aid is necessary, and it can and must be made to serve the national interest, commensurate with its cost.

The basic conclusions and recommendations of that 1957 report are still, for the most part, valid, simply because we have not yet done the things the special committee recommended. I could support an aid program tailored to the recommendations of that special committee—recommendations which would both reduce the cost of foreign aid and improve its effectiveness if they were carried out.

So that the executive branch may once again have opportunity to examine these recommendations, I reprint here the final recommendations of the 1957 report, which read:

V. RECOMMENDATIONS ON FOREIGN AID PROGRAMS

A. CLARIFICATION OF OBJECTIVES OF POLICY

The objectives of the various foreign aid programs should be separated, refined, and restated, as necessary, by the executive branch and the Congress.

All foreign aid undertaken by the United States should serve the national interests of the United States. There are, however, diverse national interests involved in our relations with other nations and various types of foreign aid programs by which these interests may be served.

The committee recommends that the following be regarded as appropriate objectives of foreign aid, to be pursued, as necessary, by separate aid programs:

1. To increase the effectiveness of the military defense of the Nation and to lower its total cost to the people of the United States.

2. To stabilize situations in other countries to the extent that such situations involve the critical security and political interests or the humanitarian concern of the United States.

3. To promote friendly cooperation with countries seeking technical assistance in modernizing their societies.

4. To encourage the evolution of free political and economic systems in other independent nations by assisting them, on a self-liquidating basis, in their economic development.

B. MILITARY AID POLICY

Military aid should be continued and efforts consistent with national security should be made to reduce the rate of expenditures.

The committee finds that military aid is essential to the national defense and recommends that it be continued. On the basis of its inquiry, it believes immediate reductions in costs are possible and notes that in recent weeks the President has proposed a saving of \$500 million in his January budget estimates. The committee urges the President to continue to examine the budgetary estimates for military aid for fiscal year 1958 with a view to additional reductions. In this connection the committee calls attention to three specific questions: (1) The suitability of the level of military aid and the types of arms being provided to less developed countries; (2) the possibility that competition for arms aid among recipients is adding unduly to the cost of the program; (3) the possibility that, in planning foreign aid programs, insufficient consideration is given to the impact of arms aid as a factor in generating increased needs for supporting aid.

The committee further recommends that the appropriate standing committees of the Senate make a broad inquiry into the present relationship of military aid to the strategic concept of the defense of the United States in order to determine the effectiveness of the interrelationship and to

make recommendations on permanent policy with respect to military aid.

C. NONMILITARY AID POLICY

1. Supporting aid should be continued and efforts consistent with national security should be made to reduce the rate of expenditure.

The committee believes that the continuation of supporting aid, which goes in large part to peoples under critical threat of Communist aggression or subversion, is in the national interest. It also believes that reductions in the budgetary estimates for fiscal 1958 are possible, and to that end urges the President to reexamine immediately those estimates country by country. In this connection, it calls special attention to the following: (1) The question of unrealistic exchange rates as they affect the cost of supporting aid; (2) the question of the adequacy of the criteria now being employed by the executive branch in determining areas of critical importance to the United States and emergency situations; and (3) the question of separating from what is now defense support that aid which in fact should be classified as development assistance.

The committee further recommends that the Committee on Foreign Relations study in detail the operation of supporting aid in countries where it has assumed significant proportions and an apparently continuing status, with a view to recommending measures for orderly reduction of such aid and, where possible, its elimination through more intensive economic development of such countries over a definite period of time.

2. Technical assistance should be continued substantially as at present.

The committee recommends full support of this program. It recommends further that the executive branch begin now to consider additional ways in which this program, now named technical cooperation, may actually be made more cooperative in fact.

3. Economic development assistance should be put on a repayable basis through the mechanism of a development fund.

For reasons noted in its conclusions, the committee recommends discontinuance of grants for development assistance, except insofar as technical aid may contribute to this end. It urges, further, that all funds for development assistance be centralized in the proposed development fund. The concept of this fund must not be that of a new name for grants or solely that of a new source of loans on easy terms. The concept should be such as to permit the fund to supplement the lending operations of the Export-Import Bank and the International Bank, to promote the flow of private capital abroad and to encourage the development of private enterprise within recipient countries. As already noted, there are banking and financing devices in addition to loans which

might well be encompassed in this concept. It is possible, for example, to envisage the revolving fund being used for joint investments with private enterprise or for the acquisition of debentures in national and regional development banks of a quasi-public nature established by other countries. The fund should be so operated as to encourage expanding participation by private enterprise in international development.

D. ADMINISTRATION OF AID PROGRAMS

1. Military aid should be administered by the Department of Defense with foreign policy direction of this aid vested in the Secretary of State.

Present legislation does provide for an administrative arrangement of this kind. In practice, the Department of Defense does carry out the military aid program. As noted, however, the responsibilities of the Secretary of State for providing foreign policy direction to military aid have been delegated to the Director of the International Cooperation Administration. The committee doubts that the Director is in an influential enough position to provide the type of foreign policy direction which must be provided if military aid is to work harmoniously with other aspects of foreign aid and foreign policy. It strongly urges that the Secretary of State assume responsibility for giving foreign policy guidance to military aid.

2. Responsibility for supporting aid should rest with the Secretary of State.

Supporting aid must be responsive to continuing changes in the international situation and to events in recipient countries. Primary responsibility for registering and interpreting these changes into foreign policy rests with the Secretary of State.

The committee is aware of the reluctance of the present Secretary of State to include operating functions in the Department of State. It is also aware of the already heavy burdens of his office in making and administering policy. Operating functions connected with foreign aid will increase these burdens. The committee notes, however, that the instruments of government can hardly be designed effectively if they must be continually reshaped to meet the changing predilections of changing incumbents.

The committee does not, at this time, recommend that Congress insist upon a full merger of the International Cooperation Administration with the Department of State. The logic of such a move is in any event already compelling such mergers in many U.S. diplomatic posts abroad, notably in Europe. The committee believes these mergers are in the interest of more effective and efficient operations and it invites the attention of the executive branch to them. It suggests that the Secretary of State reexamine his position on this question with a view to continuing and speeding up the process of integration of the International Cooperation Administration into the Department.

So long as the International Cooperation Administration continues to exist, the committee urges clarification of its present ambiguous status as a "semiautonomous" agency within the Department of State. It recommends, in this connection, that responsibility for supporting aid rest with the Secretary of State.

3. Consideration should be given to separating the administration of technical assistance and the proposed development fund from the administration of other forms of foreign aid.

These two types of aid do not normally have immediate political or military impact. Their long-range effect on our relations with other nations, however, may be of the greatest significance. If technical assistance and development assistance continue to be administered together with supporting aid, as at present, their long-range purposes are likely to be obscured and their impact reduced by their being confused with more urgent needs of foreign policy. Furthermore, the committee sees little prospect of placing all development assistance on a repayable basis, as can and should be done, if the intermingling persists.

To make the maximum economic use of the proposed development fund, its operations must be closely coordinated with those of other sources of capital which flows abroad. The committee recommends therefore that consideration be given to vesting control of the proposed development fund in a Government corporation which would include on its board of directors representation drawn from the Export-Import Bank, from the U.S. directorate on the International Bank, from the Department of State, and from the Department of Commerce.

4. Present coordinating arrangements for interrelating foreign aid policies with other activities abroad should be reexamined by the President and the Senate and revised as necessary to insure greater effectiveness.

The committee calls attention to the fact that activities of the Department of Agriculture, the U.S. Information Agency, the Export-Import Bank, and other agencies and departments as well as those of U.S. delegations to various international organizations bear a close relationship to the administration of foreign aid. The committee believes that the need exists to study, clarify, and improve existing procedures for coordination of these various activities and urges both the appropriate authorities in the executive branch and the appropriate committees of the Senate to examine this problem in detail.

5. Personnel policies for foreign aid administration should be reexamined by the executive branch in the light of the committee's other recommendations with a view to securing satisfactory conditions of employment for essential personnel while limiting the number of this personnel by utilizing, where appropriate, private contractors and universities and skilled personnel from other Government departments in carrying out the aid programs.

To the extent that the committee's other recommendations are applied, the committee believes that a substantial

contraction in the number of officials engaged in foreign aid operations can be anticipated and, with it, increased effectiveness in these operations. So long as foreign aid is continued, however, the need will exist for capable Government employees—military and civilian—of high competence in these operations. These employees should have satisfactory conditions of employment and tenure as in fact those from the Department of Defense now have and those of the International Cooperation Agency would have if this agency were fully integrated into the Department of State.

To minimize the number of aid personnel, the committee urges that maximum utilization be made of technically competent employees from other departments of the Government on a temporary basis in connection with foreign aid operations. It also urges improvement of present contracting procedures to encourage wider participation on the part of universities and private organizations and firms in these operations.

E. LEGISLATION

1. Future legislation should make clear the distinction of purpose and function as between these principal categories of aid: military aid, supporting aid, technical assistance, and economic development assistance.

The committee notes that the legislative question involved in this recommendation is not so much one of whether these various types of aid are provided for in a single piece of legislation or in two or more. The important point is that whatever form the legislation takes, the purposes of each type of aid should be clearly demarcated and expenditures of funds earmarked for each type should be directed to its specific purposes. Unless this is done, it will not be possible for the people of the United States or the Congress to understand either the distinct objectives or the magnitude of the various programs. It will not be possible to form an evaluation of their varying efficacy. It will not be possible, in short, to control these programs in a responsible fashion.

With particular reference to the proposal which has been made to place funds for military aid in the Department of Defense appropriation, the committee believes that, if the President so desires, this change should be carefully considered. If the change is made, however, the committee believes that such funds should continue to be clearly earmarked for foreign military aid and that Congress should continue to authorize such appropriations annually, pending a clear determination of the role of military aid in the total strategy of national defense.

2. An economic development fund should be established to provide assistance on a repayable basis to other independent nations for economic development purposes.

The committee does not believe that such a fund can be established on a businesslike basis unless it is treated apart from the other types of aid. The one possible exception is technical assistance, whose purposes while presently distinct, in the long run dovetail with those of economic development.

Further, the committee believes that this fund is too important to be set up in haste. Interim measures may be necessary, but the fund should not be established in permanent form until its implications have been fully examined by the executive branch and the appropriate committees of the Congress. On the basis of its consideration of this question, the committee recommends that the following criteria should guide the formation of such a fund:

1. All bilateral development assistance, other than that extended by the Export-Import Bank, should be provided through the proposed revolving fund.

2. All development assistance should be extended on the basis of reasonable expectation of repayment. Such assistance must of course involve financial risks but it should not be a camouflaged form of grant aid.

3. The concept of the fund's function should be broader than the extension of "soft loans" as heretofore described. It should encompass the use of other financial devices for encouraging the flow of capital abroad, including joint undertakings with private enterprise and direct and indirect investments abroad out of the funds resources.

4. The policies of the revolving fund should be closely coordinated with those of the Export-Import Bank and the positions taken by the U.S. representatives in the International Bank. To that end U.S. representation from both sources should be brought into the direction of the fund.

5. The operations of the fund should help to encourage the flow of private capital abroad. Ideally, it should help to bring about the day when private enterprise can carry the responsibility for supplying capital for economic development. To that end representation from the Department of Commerce should be brought into the direction of the fund.

6. The fund should be operated with an awareness of foreign policy considerations. To that end, representation from the Department of State should be brought into the direction of the fund.

7. The fund's working capital should not be provided in a lump sum by Congress but should be built up in an orderly fashion by payments into its capital over a period of years, as the needs become clearer and as Congress has an opportunity to determine how soundly it is being operated.

VI. CONCLUDING COMMENTS

The committee recognizes that the recommendations it has proposed involve far-reaching changes in the concept and the operation of the foreign aid programs. It recognizes that these changes cannot be brought about in a moment. Nevertheless, it believes they can and should be brought about promptly if the foreign aid programs are to continue to continue to serve the national interests.

The committee anticipates that many of its recommendations can find expression in the foreign aid legislation for the fiscal year, beginning July 1, 1957. It believes that there

can be a clarification of the purposes and the types of aid programs. It believes that a beginning can be made on the administrative improvements which it has proposed. It believes that there can be an immediate and discriminating reduction in aid provided on a grant basis but it warns against the adverse consequences inherent in indiscriminate cuts to the safety and the international position of the United States.

The committee recommends, therefore, that the Senate consider the President's proposals for mutual security legislation for the fiscal year beginning July 1, 1957, in the light of these immediate expectations. It is convinced that they are reasonable expectations.

Further inquiry into certain aspects of foreign aid programs is desirable and necessary. The need still remains to examine in detail the relationship of military aid to the strategic concepts of national defense, if not those concepts themselves. The need remains to study in depth the operation of supporting aid in many countries. The need remains to study the coordination of aid programs with various overseas activities of other departments and agencies of the Government. The need remains to examine fully the financial and other economic implications of a revolving fund for development prior to its establishment in final form, the examination to include the question of the accumulation of large holdings of local currencies by the United States. The need remains to examine the question of tax incentives and other devices for encouraging the flow of private investment abroad.

The special committee has not examined these questions in detail, partly out of limitations of time and because some of them fall clearly within the competence of standing committees of the Senate. Despite these limitations, the committee is satisfied that it has substantially discharged the responsibility vested in it by the Senate to make a thorough study of the foreign aid programs. It has found that these programs do serve the interests of the United States but that they can be made to serve those interests at a lower cost, with a much higher degree of effectiveness than is now the case.

The committee wishes to make it abundantly clear that foreign aid is not an end in itself but is an instrument of national policy. The objective of our aid policy is to help create conditions in the world which will permit the termination of foreign aid programs, to the end that they will no longer constitute a burden on the American people. The final proof of able administration of the aid programs will be evidenced by the speed with which this end is achieved.

Since that report was made 2 years ago, I have been assiduous in my efforts to bring it to the attention of members of the executive branch and of the Congress. I have made numerous speeches calling attention to its recommendations.

Even in 1957, however, I found it necessary to oppose the foreign aid bill when it was first before the Senate because it so largely ignored the recommendations of the committee. The minority views which

I filed that year noted that the Committee on Foreign Relations sought to accommodate the views of the administration, but it did so "by ignoring in large measure the key recommendations of the Senate's own Special Committee To Study the Foreign Aid Program."

Indeed, it is this very tendency which we often encounter in Congress—the tendency to accommodate to the views of the executive branch of the Government—which I fear will ultimately destroy our freedoms. Instead of thinking for ourselves, we constantly ask: What does the executive branch want?

What the executive branch wants is to have things its own way. Out of the some 50 or 60 amendments considered this year by the Committee on Foreign Relations, I would estimate that 90 percent of them were opposed by the executive branch.

How can we have a government of separation of powers if growing numbers of this body will not vote their convictions until the executive branch of the Government has had opportunity to tell them what their convictions should be? Are we elected to our honored positions to reflect what the American people think, or what some underling of the President thinks?

One of the arguments made again and again by some Senators on the Foreign Relations Committee was that we should go along with the administration bill because it is what the President has requested.

The rhetorical question was asked again and again: "Who are we to question the President on mutual security matters?"

My answer was, and is, that it is our clear duty under our oath of office to question the President whenever we believe the facts do not support the President's position.

The Senate Foreign Relations Committee spent more than 3 weeks in hearings on this bill; the hearing record is voluminous. The committee spent many more days in executive session during the markup of the bill. Committee members, as a result of the long hearings and thorough analysis of the bill, undoubtedly could pass a stiffer examination on the bill and the foreign-aid program than could the President himself, and I make this comment most respectfully.

However, every Senator knows the President has not given to this bill the detailed study which members of the Foreign Relations Committee must give to it. His time simply does not permit it. We all know that the bill and the details of the mutual security program are prepared for him by many subordinates in the executive branch. The President, with his multitude of duties, can pass value judgments upon only the major features and objectives of proposed legislation.

Under our constitutional system, it is the duty of Congress to check the details of such legislation, and correct any mistakes or waste or potential inefficiencies found embedded in it.

It is an easy "out" for a Member of Congress to say, "I voted for the bill to back up the President." But such an argument just is not good enough, because the voters, under our parliamentary system of checks and balances have the right to ask Members of Congress to weigh carefully the recommendations of the administration and to correct those mistakes and unsound policies which congressional hearings and research studies reveal to be contained in *any* bill recommended by the President.

It is an easy "out" to rubberstamp a President's wishes. But when Members of Congress do it, they evade their legislative responsibilities.

NEW BEGINNING ESSENTIAL

Plain speaking is required. Except for a half-hearted, inadequate response to the recommendation of the special committee of 1957 for the creation of the Development Loan Fund, we have bumbled along with an aid program that "just grewed." Executive leadership is nonexistent. From Presidential messages to the secret justifications presented to the Committee on Foreign Relations, we have encountered only rewritten cliches year after year. We can anticipate that these cliches will be rewritten for use again next year, as they were last year, and the year before. The foreign aid rut is so deep that the American people will call a halt to the whole program unless we have the courage to dig ourselves out and move in new directions.

Our foreign aid programs are in for progressively more trouble, year after year, unless the Congress asserts its foreign policymaking role in such a way as to force aid programs into the channels which our special committee charted over 2 years ago.

My proposal that the military assistance program be reduced by \$400 million was the result of the recommendation of the special committee, and I quote from the report, that "on the basis of its inquiry," the special committee "believes that immediate reduction in costs are possible. * * *

When I proposed a reduction in funds authorized for defense support, and for special assistance—both categories of grant aid—I had clearly in mind the finding of the special committee, and again I quote, that—

it is a characteristic of independent peoples that while they may be compelled to accept supporting assistance (defense support and special assistance) because of a military or political situation that is beyond their immediate power to control, *they do not formally relish such assistance. They, no less than ourselves, ought normally to be anxious to reduce this element of dependency as rapidly as possible.* Unless steps are taken promptly to bring about such a reduction, supporting assistance is likely to become increasingly an irritant in our relations with them.

When I supported putting the Development Loan Fund on a long-term basis so that it might replace to some extent our grant economic aid, I had clearly in mind the statement of the special committee that—

The concept of this fund must not be that of a new name for grants or solely that of a new source of loans on easy terms. The concept should be such as to permit the fund to supplement the lending operations of the Export-Import Bank and the International Bank, to promote the flow of private capital abroad, and to encourage the development of private enterprise within recipient countries.

In short, the views which I sought to embody into changes in the mutual security program were views based upon the most careful research done by the most reputable individuals and institutions in the United States at a cost to the American taxpayer of some \$250,000. They were views supported unanimously by 19 of the most distinguished Members of the U.S. Senate.

The bill before the Senate this year is, as the committee report suggests, a beginning—but it is only a beginning. Unless the Senate sees fit to make certain additional changes in the bill before it, by reducing funds for military purposes, by moving more rapidly to reduce gift aid, and by removing more of the wraps of secrecy, the small beginning the committee has made will be engulfed in the maze of bureaucracy before the year is out.

I will continue to devote my efforts toward making the mutual security program one which will serve the American people.



86TH CONGRESS }
1st Session }

SENATE

{ REPORT NO. 412
PART 2 }

THE MUTUAL SECURITY ACT OF 1959

MINORITY VIEWS

OF

SENATOR MORSE

ON

S. 1451



JUNE 23, 1959.—Ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1959

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MINORITY VIEWS OF MR. MORSE ON S. 1451

The Committee on Foreign Relations has reported S. 1451 favorably to the Senate by a vote of 13 to 2, with 2 members not voting. Although the committee made many amendments to the bill originally proposed by the President, I voted against reporting the bill to the Senate.

My vote against reporting this bill was not cast because of any basic opposition to the concept of mutual security. Indeed, I support the basic concept of the mutual security legislation. The legislation has had my support in the past when I thought it was cast in a mold to serve the interests of the American people. But I have voted against the legislation in the past when I have found it so unsound in some of its provisions as to fail to serve the interests of our Nation.

RECORD IN COMMITTEE

During more than 3 weeks of sessions of the Committee on Foreign Relations I did my utmost to bring about changes in the Mutual Security Act of 1959 which might have adapted it to serve our interests. During our sessions I submitted the following proposals:

1. Because of my deep interest in our relations with Latin America and a belief that our programs there have overemphasized military assistance, I proposed an amendment which would have reduced the \$96.5 million to be made available for military assistance to \$50 million. My amendment would have made the difference between \$50 million and \$96.5 million, namely, \$46.5 million, available for special assistance to promote economic development in Latin America. This amendment was rejected by the committee.

2. In an effort at reasonable compromise, and in cooperation with the junior Senator from Idaho, Mr. Church, we were successful in reducing the amount of military assistance for Latin America to a figure of \$65 million, the difference between that and the amount requested by the administration, \$31.5 million, being available for assistance "to an international military force under the control of the Organization of American States." This amendment also provided that if such a force could not be brought into being, the sum of \$31.5 million is to be used for economic assistance to Latin America. This compromise is a move in the right direction but does not go far enough toward reducing military assistance to Latin America or increasing our assistance in the economic development of this area so vital to our national interest.

3. I seconded a motion by the junior Senator from Idaho, Mr. Church, making it clear that our assistance to Latin America should promote hemispheric defense and should not be provided for the purpose of maintaining internal security in those countries. This provision materially strengthened language of an amendment which was adopted last year on my motion. It is my belief that if the United States intervenes in internal security matters in Latin American

countries, it is violating one of the most basic tenets of the good neighbor policy. This amendment, much to my satisfaction, was accepted by the committee.

4. I supported an amendment offered by the junior Senator from Florida, Mr. Smathers, which, if accepted, would have expressed congressional support for the creation of a Western Hemisphere police force. The amendment was rejected.

5. I supported an amendment by the junior Senator from Idaho which was adopted and we hope it will restrict the practice by the administration of putting the "secret" label on certain information about our mutual security program which the American people must know if they are to be able to judge the usefulness of foreign aid expenditures of their tax dollars.

6. I strongly urged an amendment which would have stopped military assistance to Latin American countries with dictatorial regimes. I wanted our policy to be clear that U.S. assistance is not to be used to support Fascist or Communist governments anywhere. This amendment was rejected.

7. In the committee I gave general support to the Fulbright amendment which would have authorized the appropriation of \$1.5 billion for each of 5 years for the Development Loan Fund. As a practical matter, I did not believe it would be feasible for countries we might assist to absorb \$1.5 billion per year, at least not in the next couple of years. I therefore moved to reduce the amount authorized from \$1.5 billion per year to \$1 billion per year and this motion was adopted by the committee.

In this connection, I should note that in the past I have opposed putting the Development Loan Fund on a long-term basis. It is my belief, however, that it is the duty of a Senator to follow where the facts lead. Careful examination and study of the operations of the Development Loan Fund and of the needs for capital loans to developing countries led me to conclude that this fund should be put on a long-term, loan basis. My membership on the Committee on Foreign Relations provided the background for this conclusion, and I believe that the long-term Development Loan Fund provisions included in the bill before the Senate are among its strongest and most significant features. I shall support the retention of this provision in the bill.

8. Consistent with my belief that the long-term loan principle is sound for economic assistance was my motion to reduce military funds in the bill by \$400 million. This motion was rejected by the committee. I regret that the committee did not adopt this amendment, which would have saved the taxpayers \$400 million in the most bloated part of the bill and would have served notice on the Soviet Union and informed our friends that we view the principal threat to freedom and independence to be that attributable to inability to raise standards of living throughout the world.

9. I moved to reduce the amount authorized for defense support from \$835 million to \$750 million, a reduction of 10 percent. This motion was rejected. Defense support is a form of grant economic assistance, presumably justified because of our military assistance expenditures, which I believe are excessive. The area of defense support has, in my opinion, been one of the most wasteful of the entire program. It could be reduced by 20 percent and still not injure the overall program.

10. I also moved to reduce the category of special assistance—another grant economic aid program—by 10 percent. This motion was agreed to. This saved \$27 million from the administration request.

11. Finally, I moved to reduce the amount available to the President in the contingency fund by 60 percent, a total of \$120 million. This motion, if it had succeeded, would have saved the taxpayers of the United States a substantial amount which I am convinced will be frittered away if it is left in the bill. I refused to go along with a motion to reduce this figure by only 10 percent because such a reduction would have been only a token reduction done only for parliamentary negotiating purposes.

I have gone to some length in this report in discussing my record during the executive markup sessions of the Committee on Foreign Relations because those records are not made public and because the suggestion is often made that I do not have positive reasons for certain of my actions.

At the time I announced my vote against favorably reporting S. 1451, a summary of my reasons for opposing that bill was set forth in a press release. On June 16, I stated:

SUMMARY OF VIEWS

I voted against the mutual security bill in the Foreign Relations Committee for the following reasons:

1. The committee failed to eliminate at least \$400 million of military aid waste in the bill.

2. It failed to eliminate at least another \$200 million of waste in other items of the bill.

3. The bill provides for \$245 million more than the Eisenhower administration asked for in the first place.

4. The bill does a great injustice to the American taxpayers. It grants great sums of money to many countries in which tax evasion and tax dodging are notorious.

Such low tax-collecting countries should be required to pay more of their share of mutual defense by collecting taxes from their own people rather than have the taxpayers of the United States assume tax burdens other than their own. The time has come for the American taxpayers to hold both the Congress and the executive branch of our Government to a political accounting for such an inexcusable waste of millions of American tax dollars.

5. The bill does not represent the real desire of many members of the committee as to the amounts of money for many of the items. I refuse to vote for a bill for parliamentary trading purposes. By that I mean that some members voted for higher amounts in the bill because they expect both the Senate and the conference committee to cut those amounts and then they expect the Appropriations Committee may cut them. I consider it the duty of the Foreign Relations Committee to vote out a bill that represents the honest judgment of the committee—not a padded bill. This bill is knowingly padded.

6. The bill in part weakens American security because it will stir up anti-American feeling in many parts of the world. Its grants to dictatorships of large sums for military aid do not strengthen us in our fight against communism but rather play into Russia's hands. It creates a great deal of anti-American feeling in many parts of the world.

I am for strong U.S. defenses and strong NATO defenses and for sound foreign economic aid. But I am not for this bill which perpetuates an unsound foreign policy and weakens our greatest defense weapon, namely, our own economic strength.

The votes of many of the majority cannot be squared by their professings about balancing the budget. Here was a chance for the budget balancers to save a minimum of \$600 million for the taxpayers of America and not weaken our national security one iota.

I wish to warn the American people that once again an attempt will be made by this administration and the supporters of this bill to scare them into believing that Russia will get us if we don't adopt this bill which, in fact, wastes hundreds of millions of dollars.

I will yield to no one in voting adequate defenses for my country, but I refuse to be a party to letting the military minds, which are in control of our mutual security program, continue to waste such huge sums of money. I know that if the American taxpayers knew the facts about this bloated bill, they would support my position.

It is my hope that when the bill reaches the floor of the Senate, we will be able to modify it and amend it so that all of us can vote for it.

In 1957 I voted against a mutual security bill in the Foreign Relations Committee and on the first vote in the Senate, but the fight that those of us put up in opposition to its original form resulted in sufficient modification in the final conference with the House that I was able to vote for it on final passage.

I hope that similar modifications will be made in this bill so that I can vote for it. However, if it remains in its present form, I shall continue to vote against it in the interest of a sound mutual security program.

SHORTCOMINGS OF BILL

Mutual security legislation will have my support in the future if, but only if, I am convinced that it has been adapted in such a way as to protect this Nation from military threat, to assist developing nations to get on their own feet economically, socially, and politically, and to promote individual freedom abroad. The bill before the Senate is better than the bill sent to the Senate by the President. But it suffers from the serious shortcomings I have mentioned above.

Financially, the bill before the Senate gives the President not only what he asked for in the sums to be authorized for expenditure, namely, \$3.9 billion, but makes available to him no less than \$245 million more than he asked for. The bill authorizes the appropriation

of \$3.1 billion. But, in addition, it permits the President to borrow an additional \$1 billion from the Treasury for the Development Loan Fund, a program of economic loans to foreign countries.

The argument is made that the President will not use this \$1 billion. The argument is made that this \$1 billion will not be a charge on the Treasury during the next fiscal year. I am not persuaded by these arguments because they are simply evasions of one important fundamental fact, namely, that this \$1 billion will eventually be charged to the American taxpayer. This billion dollar amount is a sound estimate and I am all for it. However, the bill should be cut in other items so as to reduce it substantially from the total amount asked for by the administration.

As I noted above, I support making this \$1 billion available for development loans. But we should not vote this money and then try to justify it by claiming that it really will not be spent. Instead, we should reduce proportionately those portions of the bill containing direct military assistance funds and those containing economic assistance related to military aid.

Indeed, I believe the President should use the funds in the Development Loan Fund as rapidly as sound programs can be developed. We have no time to spare in the economic race with the Soviet Union. The greatest threat we face is that posed by the economic offensive of the Soviet Union in underdeveloped countries and I am at a loss to understand why Members of Congress can take the position that the Development Loan Fund should be reduced and military assistance maintained at a large figure.

Actually, the program presented originally by the President, so far as its overall figures were concerned, was not as badly inflated as it was out of balance. I object, however, to giving the President on an overall basis more than he asked for.

The fact is, and we may as well face it, that it is a characteristic of Presidents to ask Congress for more than is needed to meet estimates of the executive branch, simply because Presidents expect to have their requests for funds reduced in amount by the Congress. This year, however, the President will get, if this bill passes, not only what he asked for, but \$245 million more. Furthermore, once Congress gives money to the President, he spends it. I know there are a few exceptions to this statement, but I predict that if Congress gives the President authority to commit a total of \$4.1 billion during next year, he will spend it.

Administratively, the bill before the Senate is a monstrous thing. It is wide open with delegations of legislative authority to the President. The President is given a contingency fund of \$180 million—the fund I sought to reduce by 60 percent. He in turn delegates meaningful authority to handle that fund to various lower echelon, politically irresponsible, officials.

The bill also labels economic assistance as defense support. It provides funds for military assistance for projects which have no relationship to the security of the United States. The bill continues as a separate agency the International Cooperation Administration and gives it administrative responsibility for vital activities of foreign policy. The bill makes no provision for continuity of planning. It is still based on the theory that foreign aid may come to an end next year, when we all know it will not.

The bill, even with the admirable amendment by the junior Senator from Idaho, Mr. Church, does not go far enough in preventing use of the secrecy label by the administration in keeping secret from the American people factors affecting our very survival.

Militarily, the bill is loaded with unnecessary funds for military assistance to countries which could be of no conceivable assistance in defense against the possibility of military attack by the Soviet Union. Military funds are available to bolster dictatorships, to rent military sites at exorbitant prices, to support armies vastly in excess of recipient countries' capacities, to provide sophisticated weapons to unsophisticated people, and to assist our own Military Establishment in unloading obsolete equipment, thereby acquiring funds in excess of amounts authorized by the Congress in military appropriation bills.

Economically, the bill contains financial gifts for governments that should be doing more for themselves, but which will never undertake essential economic readjustments so long as we continue to support them. Although the bill would make \$1 billion per year for 5 years available to the Development Loan Fund—of which I heartily approve—it has failed to accompany that desired action with a move toward reducing gift funds, and the padded requests for military assistance.

PAST RECOMMENDATIONS IGNORED

My opposition to this bill, and the opposition of many of my colleagues in the Senate, should come as no surprise to the executive branch of the Government.

In the summer of 1956, the late distinguished chairman of the Committee on Foreign Relations, Senator George, proposed the creation of a Special Committee to Study the Foreign Aid Program. He knew even then the program was in trouble. The committee created by the Senate included not only all of the members of the Committee on Foreign Relations, but distinguished senior members from the Committees on Appropriations and Armed Services, including Senators Hayden, Russell, Bridges, and Saltonstall. The special committee, assisted by an able staff, enlisting the research facilities of the most reputable educational and research institutions in the United States, and with the help of a number of our most able citizens of all political persuasions, reported the results of its work to the Senate in May of 1957.

The special committee submitted a unanimous report—a most unusual occurrence in the U.S. Senate.

That report set forth in 30 pages the most definitive analysis of our aid program that has ever been produced. Broad-gauge, carefully worked out recommendations were outlined in heavy, black type, the better to be read by the Executive and the Congress.

So far as I have been able to ascertain, those recommendations, most of which were directed at the executive branch of the Government, were not read, or, if read, fell on sterile soil. Regretfully, some of the recommendations which should have been taken to heart by my colleagues in the Congress were also ignored.

As a result of the executive branch phobia—that only what it originates is right—and as a result of our congressional inability to force into the program certain changes in policy direction and admin-

istrative practice, the foreign aid program has encountered increasing opposition among the American people. Many of the able Senators who served on that special committee have found the annual foreign aid programs presented to the Congress to be so at variance with concepts of a sound aid program that they have had to vote against them, despite the fact that in 1957 they were able to subscribe to a unanimous report which in summary stated:

In summary, the committee believes that there are valid reasons for the United States to continue various types of foreign aid. Such aid, if clearly conceived and properly administered, may be expected to serve the interests of the United States by promoting its defense, by contributing to its economic growth and spiritual strength, and by helping to develop a world environment of freedom in which the American people may live in peace.

Uncertainties have plagued the foreign aid programs in recent years. The committee does not believe that the foreign policy interests of the United States are served by continued uncertainty as to the objectives and the nature of our aid programs. Such uncertainties have given rise to confusion not only among our citizens but to confusion among nations which look to the United States for leadership.

The committee was impressed by the fact that it has received very few expressions of view proposing the outright abandonment of these programs. There have been criticisms of particular programs, but often those who opposed one program supported another. Some who were critical of military assistance, for example, supported funds for economic development; some who felt that economic assistance should be on a loan basis have urged military assistance on a grant basis; some who opposed economic assistance through the United Nations supported bilateral technical assistance programs.

As indicated in the following pages, there are many ways in which foreign aid programs can and must be improved. Objectives can be clarified, some grant programs can be converted to loans, administration can be streamlined, and substantial sums can be saved. **There may be disagreement as to details and amounts, but on the fundamental question of whether these programs in modified and improved form should be continued, there is only one answer.**

Foreign aid is necessary, and it can and must be made to serve the national interest, commensurate with its cost.

The basic conclusions and recommendations of that 1957 report are still, for the most part, valid, simply because we have not yet done the things the special committee recommended. I could support an aid program tailored to the recommendations of that special committee—recommendations which would both reduce the cost of foreign aid and improve its effectiveness if they were carried out.

So that the executive branch may once again have opportunity to examine these recommendations, I reprint here the final recommendations of the 1957 report, which read:

V. RECOMMENDATIONS ON FOREIGN AID PROGRAMS

A. CLARIFICATION OF OBJECTIVES OF POLICY

The objectives of the various foreign aid programs should be separated, refined, and restated, as necessary, by the executive branch and the Congress.

All foreign aid undertaken by the United States should serve the national interests of the United States. There are, however, diverse national interests involved in our relations with other nations and various types of foreign aid programs by which these interests may be served.

The committee recommends that the following be regarded as appropriate objectives of foreign aid, to be pursued, as necessary, by separate aid programs:

1. To increase the effectiveness of the military defense of the Nation and to lower its total cost to the people of the United States.

2. To stabilize situations in other countries to the extent that such situations involve the critical security and political interests or the humanitarian concern of the United States.

3. To promote friendly cooperation with countries seeking technical assistance in modernizing their societies.

4. To encourage the evolution of free political and economic systems in other independent nations by assisting them, on a self-liquidating basis, in their economic development.

B. MILITARY AID POLICY

Military aid should be continued and efforts consistent with national security should be made to reduce the rate of expenditures.

The committee finds that military aid is essential to the national defense and recommends that it be continued. On the basis of its inquiry, it believes immediate reductions in costs are possible and notes that in recent weeks the President has proposed a saving of \$500 million in his January budget estimates. The committee urges the President to continue to examine the budgetary estimates for military aid for fiscal year 1958 with a view to additional reductions. In this connection the committee calls attention to three specific questions: (1) The suitability of the level of military aid and the types of arms being provided to less developed countries; (2) the possibility that competition for arms aid among recipients is adding unduly to the cost of the program; (3) the possibility that, in planning foreign aid programs, insufficient consideration is given to the impact of arms aid as a factor in generating increased needs for supporting aid.

The committee further recommends that the appropriate standing committees of the Senate make a broad inquiry into the present relationship of military aid to the strategic concept of the defense of the United States in order to determine the effectiveness of the interrelationship and to

make recommendations on permanent policy with respect to military aid.

C. NONMILITARY AID POLICY

1. Supporting aid should be continued and efforts consistent with national security should be made to reduce the rate of expenditure.

The committee believes that the continuation of supporting aid, which goes in large part to peoples under critical threat of Communist aggression or subversion, is in the national interest. It also believes that reductions in the budgetary estimates for fiscal 1958 are possible, and to that end urges the President to reexamine immediately those estimates country by country. In this connection, it calls special attention to the following: (1) The question of unrealistic exchange rates as they affect the cost of supporting aid; (2) the question of the adequacy of the criteria now being employed by the executive branch in determining areas of critical importance to the United States and emergency situations; and (3) the question of separating from what is now defense support that aid which in fact should be classified as development assistance.

The committee further recommends that the Committee on Foreign Relations study in detail the operation of supporting aid in countries where it has assumed significant proportions and an apparently continuing status, with a view to recommending measures for orderly reduction of such aid and, where possible, its elimination through more intensive economic development of such countries over a definite period of time.

2. Technical assistance should be continued substantially as at present.

The committee recommends full support of this program. It recommends further that the executive branch begin now to consider additional ways in which this program, now named technical cooperation, may actually be made more cooperative in fact.

3. Economic development assistance should be put on a repayable basis through the mechanism of a development fund.

For reasons noted in its conclusions, the committee recommends discontinuance of grants for development assistance, except insofar as technical aid may contribute to this end. It urges, further, that all funds for development assistance be centralized in the proposed development fund. The concept of this fund must not be that of a new name for grants or solely that of a new source of loans on easy terms. The concept should be such as to permit the fund to supplement the lending operations of the Export-Import Bank and the International Bank, to promote the flow of private capital abroad and to encourage the development of private enterprise within recipient countries. As already noted, there are banking and financing devices in addition to loans which

might well be encompassed in this concept. It is possible, for example, to envisage the revolving fund being used for joint investments with private enterprise or for the acquisition of debentures in national and regional development banks of a quasi-public nature established by other countries. The fund should be so operated as to encourage expanding participation by private enterprise in international development.

D. ADMINISTRATION OF AID PROGRAMS

1. Military aid should be administered by the Department of Defense with foreign policy direction of this aid vested in the Secretary of State.

Present legislation does provide for an administrative arrangement of this kind. In practice, the Department of Defense does carry out the military aid program. As noted, however, the responsibilities of the Secretary of State for providing foreign policy direction to military aid have been delegated to the Director of the International Cooperation Administration. The committee doubts that the Director is in an influential enough position to provide the type of foreign policy direction which must be provided if military aid is to work harmoniously with other aspects of foreign aid and foreign policy. It strongly urges that the Secretary of State assume responsibility for giving foreign policy guidance to military aid.

2. Responsibility for supporting aid should rest with the Secretary of State.

Supporting aid must be responsive to continuing changes in the international situation and to events in recipient countries. Primary responsibility for registering and interpreting these changes into foreign policy rests with the Secretary of State.

The committee is aware of the reluctance of the present Secretary of State to include operating functions in the Department of State. It is also aware of the already heavy burdens of his office in making and administering policy. Operating functions connected with foreign aid will increase these burdens. The committee notes, however, that the instruments of government can hardly be designed effectively if they must be continually reshaped to meet the changing predilections of changing incumbents.

The committee does not, at this time, recommend that Congress insist upon a full merger of the International Cooperation Administration with the Department of State. The logic of such a move is in any event already compelling such mergers in many U.S. diplomatic posts abroad, notably in Europe. The committee believes these mergers are in the interest of more effective and efficient operations and it invites the attention of the executive branch to them. It suggests that the Secretary of State reexamine his position on this question with a view to continuing and speeding up the process of integration of the International Cooperation Administration into the Department.

So long as the International Cooperation Administration continues to exist, the committee urges clarification of its present ambiguous status as a "semiautonomous" agency within the Department of State. It recommends, in this connection, that responsibility for supporting aid rest with the Secretary of State.

3. Consideration should be given to separating the administration of technical assistance and the proposed development fund from the administration of other forms of foreign aid.

These two types of aid do not normally have immediate political or military impact. Their long-range effect on our relations with other nations, however, may be of the greatest significance. If technical assistance and development assistance continue to be administered together with supporting aid, as at present, their long-range purposes are likely to be obscured and their impact reduced by their being confused with more urgent needs of foreign policy. Furthermore, the committee sees little prospect of placing all development assistance on a repayable basis, as can and should be done, if the intermingling persists.

To make the maximum economic use of the proposed development fund, its operations must be closely coordinated with those of other sources of capital which flows abroad. The committee recommends therefore that consideration be given to vesting control of the proposed development fund in a Government corporation which would include on its board of directors representation drawn from the Export-Import Bank, from the U.S. directorate on the International Bank, from the Department of State, and from the Department of Commerce.

4. Present coordinating arrangements for interrelating foreign aid policies with other activities abroad should be reexamined by the President and the Senate and revised as necessary to insure greater effectiveness.

The committee calls attention to the fact that activities of the Department of Agriculture, the U.S. Information Agency, the Export-Import Bank, and other agencies and departments as well as those of U.S. delegations to various international organizations bear a close relationship to the administration of foreign aid. The committee believes that the need exists to study, clarify, and improve existing procedures for coordination of these various activities and urges both the appropriate authorities in the executive branch and the appropriate committees of the Senate to examine this problem in detail.

5. Personnel policies for foreign aid administration should be reexamined by the executive branch in the light of the committee's other recommendations with a view to securing satisfactory conditions of employment for essential personnel while limiting the number of this personnel by utilizing, where appropriate, private contractors and universities and skilled personnel from other Government departments in carrying out the aid programs.

To the extent that the committee's other recommendations are applied, the committee believes that a substantial

contraction in the number of officials engaged in foreign aid operations can be anticipated and, with it, increased effectiveness in these operations. So long as foreign aid is continued, however, the need will exist for capable Government employees—military and civilian—of high competence in these operations. These employees should have satisfactory conditions of employment and tenure as in fact those from the Department of Defense now have and those of the International Cooperation Agency would have if this agency were fully integrated into the Department of State.

To minimize the number of aid personnel, the committee urges that maximum utilization be made of technically competent employees from other departments of the Government on a temporary basis in connection with foreign aid operations. It also urges improvement of present contracting procedures to encourage wider participation on the part of universities and private organizations and firms in these operations.

E. LEGISLATION

1. Future legislation should make clear the distinction of purpose and function as between these principal categories of aid: military aid, supporting aid, technical assistance, and economic development assistance.

The committee notes that the legislative question involved in this recommendation is not so much one of whether these various types of aid are provided for in a single piece of legislation or in two or more. The important point is that whatever form the legislation takes, the purposes of each type of aid should be clearly demarcated and expenditures of funds earmarked for each type should be directed to its specific purposes. Unless this is done, it will not be possible for the people of the United States or the Congress to understand either the distinct objectives or the magnitude of the various programs. It will not be possible to form an evaluation of their varying efficacy. It will not be possible, in short, to control these programs in a responsible fashion.

With particular reference to the proposal which has been made to place funds for military aid in the Department of Defense appropriation, the committee believes that, if the President so desires, this change should be carefully considered. If the change is made, however, the committee believes that such funds should continue to be clearly earmarked for foreign military aid and that Congress should continue to authorize such appropriations annually, pending a clear determination of the role of military aid in the total strategy of national defense.

2. An economic development fund should be established to provide assistance on a repayable basis to other independent nations for economic development purposes.

The committee does not believe that such a fund can be established on a businesslike basis unless it is treated apart from the other types of aid. The one possible exception is technical assistance, whose purposes while presently distinct, in the long run dovetail with those of economic development.

Further, the committee believes that this fund is too important to be set up in haste. Interim measures may be necessary, but the fund should not be established in permanent form until its implications have been fully examined by the executive branch and the appropriate committees of the Congress. On the basis of its consideration of this question, the committee recommends that the following criteria should guide the formation of such a fund:

1. All bilateral development assistance, other than that extended by the Export-Import Bank, should be provided through the proposed revolving fund.

2. All development assistance should be extended on the basis of reasonable expectation of repayment. Such assistance must of course involve financial risks but it should not be a camouflaged form of grant aid.

3. The concept of the fund's function should be broader than the extension of "soft loans" as heretofore described. It should encompass the use of other financial devices for encouraging the flow of capital abroad, including joint undertakings with private enterprise and direct and indirect investments abroad out of the funds resources.

4. The policies of the revolving fund should be closely coordinated with those of the Export-Import Bank and the positions taken by the U.S. representatives in the International Bank. To that end U.S. representation from both sources should be brought into the direction of the fund.

5. The operations of the fund should help to encourage the flow of private capital abroad. Ideally, it should help to bring about the day when private enterprise can carry the responsibility for supplying capital for economic development. To that end representation from the Department of Commerce should be brought into the direction of the fund.

6. The fund should be operated with an awareness of foreign policy considerations. To that end, representation from the Department of State should be brought into the direction of the fund.

7. The fund's working capital should not be provided in a lump sum by Congress but should be built up in an orderly fashion by payments into its capital over a period of years, as the needs become clearer and as Congress has an opportunity to determine how soundly it is being operated.

VI. CONCLUDING COMMENTS

The committee recognizes that the recommendations it has proposed involve far-reaching changes in the concept and the operation of the foreign aid programs. It recognizes that these changes cannot be brought about in a moment. Nevertheless, it believes they can and should be brought about promptly if the foreign aid programs are to continue to continue to serve the national interests.

The committee anticipates that many of its recommendations can find expression in the foreign aid legislation for the fiscal year, beginning July 1, 1957. It believes that there

can be a clarification of the purposes and the types of aid programs. It believes that a beginning can be made on the administrative improvements which it has proposed. It believes that there can be an immediate and discriminating reduction in aid provided on a grant basis but it warns against the adverse consequences inherent in indiscriminate cuts to the safety and the international position of the United States.

The committee recommends, therefore, that the Senate consider the President's proposals for mutual security legislation for the fiscal year beginning July 1, 1957, in the light of these immediate expectations. It is convinced that they are reasonable expectations.

Further inquiry into certain aspects of foreign aid programs is desirable and necessary. The need still remains to examine in detail the relationship of military aid to the strategic concepts of national defense, if not those concepts themselves. The need remains to study in depth the operation of supporting aid in many countries. The need remains to study the coordination of aid programs with various overseas activities of other departments and agencies of the Government. The need remains to examine fully the financial and other economic implications of a revolving fund for development prior to its establishment in final form, the examination to include the question of the accumulation of large holdings of local currencies by the United States. The need remains to examine the question of tax incentives and other devices for encouraging the flow of private investment abroad.

The special committee has not examined these questions in detail, partly out of limitations of time and because some of them fall clearly within the competence of standing committees of the Senate. Despite these limitations, the committee is satisfied that it has substantially discharged the responsibility vested in it by the Senate to make a thorough study of the foreign aid programs. It has found that these programs do serve the interests of the United States but that they can be made to serve those interests at a lower cost, with a much higher degree of effectiveness than is now the case.

The committee wishes to make it abundantly clear that foreign aid is not an end in itself but is an instrument of national policy. The objective of our aid policy is to help create conditions in the world which will permit the termination of foreign aid programs, to the end that they will no longer constitute a burden on the American people. The final proof of able administration of the aid programs will be evidenced by the speed with which this end is achieved.

Since that report was made 2 years ago, I have been assiduous in my efforts to bring it to the attention of members of the executive branch and of the Congress. I have made numerous speeches calling attention to its recommendations.

Even in 1957, however, I found it necessary to oppose the foreign aid bill when it was first before the Senate because it so largely ignored the recommendations of the committee. The minority views which

I filed that year noted that the Committee on Foreign Relations sought to accommodate the views of the administration, but it did so "by ignoring in large measure the key recommendations of the Senate's own Special Committee To Study the Foreign Aid Program."

Indeed, it is this very tendency which we often encounter in Congress—the tendency to accommodate to the views of the executive branch of the Government—which I fear will ultimately destroy our freedoms. Instead of thinking for ourselves, we constantly ask: What does the executive branch want?

What the executive branch wants is to have things its own way. Out of the some 50 or 60 amendments considered this year by the Committee on Foreign Relations, I would estimate that 90 percent of them were opposed by the executive branch.

How can we have a government of separation of powers if growing numbers of this body will not vote their convictions until the executive branch of the Government has had opportunity to tell them what their convictions should be? Are we elected to our honored positions to reflect what the American people think, or what some underling of the President thinks?

One of the arguments made again and again by some Senators on the Foreign Relations Committee was that we should go along with the administration bill because it is what the President has requested.

The rhetorical question was asked again and again: "Who are we to question the President on mutual security matters?"

My answer was, and is, that it is our clear duty under our oath of office to question the President whenever we believe the facts do not support the President's position.

The Senate Foreign Relations Committee spent more than 3 weeks in hearings on this bill; the hearing record is voluminous. The committee spent many more days in executive session during the markup of the bill. Committee members, as a result of the long hearings and thorough analysis of the bill, undoubtedly could pass a stiffer examination on the bill and the foreign-aid program than could the President himself, and I make this comment most respectfully.

However, every Senator knows the President has not given to this bill the detailed study which members of the Foreign Relations Committee must give to it. His time simply does not permit it. We all know that the bill and the details of the mutual security program are prepared for him by many subordinates in the executive branch. The President, with his multitude of duties, can pass value judgments upon only the major features and objectives of proposed legislation.

Under our constitutional system, it is the duty of Congress to check the details of such legislation, and correct any mistakes or waste or potential inefficiencies found embedded in it.

It is an easy "out" for a Member of Congress to say, "I voted for the bill to back up the President." But such an argument just is not good enough, because the voters, under our parliamentary system of checks and balances have the right to ask Members of Congress to weigh carefully the recommendations of the administration and to correct those mistakes and unsound policies which congressional hearings and research studies reveal to be contained in *any* bill recommended by the President.

It is an easy "out" to rubberstamp a President's wishes. But when Members of Congress do it, they evade their legislative responsibilities.

NEW BEGINNING ESSENTIAL

Plain speaking is required. Except for a half-hearted, inadequate response to the recommendation of the special committee of 1957 for the creation of the Development Loan Fund, we have bumbled along with an aid program that "just grew." Executive leadership is nonexistent. From Presidential messages to the secret justifications presented to the Committee on Foreign Relations, we have encountered only rewritten cliches year after year. We can anticipate that these cliches will be rewritten for use again next year, as they were last year, and the year before. The foreign aid rut is so deep that the American people will call a halt to the whole program unless we have the courage to dig ourselves out and move in new directions.

Our foreign aid programs are in for progressively more trouble, year after year, unless the Congress asserts its foreign policymaking role in such a way as to force aid programs into the channels which our special committee charted over 2 years ago.

My proposal that the military assistance program be reduced by \$400 million was the result of the recommendation of the special committee, and I quote from the report, that "on the basis of its inquiry," the special committee "believes that immediate reduction in costs are possible. * ~ *"

When I proposed a reduction in funds authorized for defense support, and for special assistance—both categories of grant aid—I had clearly in mind the finding of the special committee, and again I quote, that—

it is a characteristic of independent peoples that while they may be compelled to accept supporting assistance (defense support and special assistance) because of a military or political situation that is beyond their immediate power to control, *they do not formally relish such assistance. They, no less than ourselves, ought normally to be anxious to reduce this element of dependency as rapidly as possible.* Unless steps are taken promptly to bring about such a reduction, supporting assistance is likely to become increasingly an irritant in our relations with them.

When I supported putting the Development Loan Fund on a long-term basis so that it might replace to some extent our grant economic aid, I had clearly in mind the statement of the special committee that—

The concept of this fund must not be that of a new name for grants or solely that of a new source of loans on easy terms. The concept should be such as to permit the fund to supplement the lending operations of the Export-Import Bank and the International Bank, to promote the flow of private capital abroad, and to encourage the development of private enterprise within recipient countries.

In short, the views which I sought to embody into changes in the mutual security program were views based upon the most careful research done by the most reputable individuals and institutions in the United States at a cost to the American taxpayer of some \$250,000. They were views supported unanimously by 19 of the most distinguished Members of the U.S. Senate.

The bill before the Senate this year is, as the committee report suggests, a beginning—but it is only a beginning. Unless the Senate sees fit to make certain additional changes in the bill before it, by reducing funds for military purposes, by moving more rapidly to reduce gift aid, and by removing more of the wraps of secrecy, the small beginning the committee has made will be engulfed in the maze of bureaucracy before the year is out.

I will continue to devote my efforts toward making the mutual security program one which will serve the American people.



Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

[Report No. 412]

IN THE SENATE OF THE UNITED STATES

MARCH 18, 1959

Mr. FULBRIGHT (by request) introduced the following bill; which was read twice
and referred to the Committee on Foreign Relations

JUNE 22, 1959

Reported by Mr. MANSFIELD (for Mr. FULBRIGHT), with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "*Mutual Security Act of*
4 *1959*".

5 CHAPTER I—~~MILITARY ASSISTANCE~~

6 ~~MILITARY ASSISTANCE~~

7 SEC. 101. Section 103(a) of the Mutual Security Act
8 of 1954, as amended, which relates to military assistance, is
9 amended by striking out "*1959*" and "*\$1,605,000,000*" and
10 substituting "*1960*" and "*\$1,600,000,000*", respectively.

CHAPTER II—ECONOMIC ASSISTANCE

DEFENSE SUPPORT

SEC. 201. Section 131(b) of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out "1959" and "\$810,000,000" and substituting "1960" and "\$835,000,000", respectively.

DEVELOPMENT LOAN FUND

SEC. 202. Title II of chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) In section 203, which relates to capitalization, strike out "(a)"; and insert before the period at the end of the second sentence "and for advances to the Fund beginning in the fiscal year 1960, not to exceed \$700,000,000".

(b) In section 204(b), which relates to fiscal provisions, strike out "(a)" in the second sentence.

(c) Amend section 205, which relates to management, powers, and authorities, as follows:

(1) In subsection (b), strike out "three" in the second sentence and substitute "four".

(2) In subsection (c), strike out the last sentence.

TECHNICAL COOPERATION

SEC. 203. Title III of chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

1 (a) In section 304, which relates to authorization,
2 strike out "\$150,000000" and "1959" and substitute
3 "\$179,500,000" and "1960", respectively.

4 (b) Amend section 306, which relates to multilateral
5 technical cooperation and related programs, as follows:

6 (1) In subsection (a), which relates to contributions
7 to the United Nations Expanded Program of Technical As-
8 sistance and related fund, strike out "\$20,000,000" and
9 "1959" and substitute "\$30,000,000" and "1960", respec-
10 tively.

11 (2) In subsection (b), which relates to contributions to
12 the technical cooperation program of the Organization of
13 American States, strike out "1959" and substitute "1960".

14 (c) In section 308, which relates to the International
15 Development Advisory Board, insert "or officers" after
16 "officer" in the first sentence and strike out "to administer
17 this title" in that sentence.

18 SPECIAL ASSISTANCE AND OTHER PROGRAMS

19 SEC. 204. Title IV of chapter II of the Mutual Security
20 Act of 1954, as amended, which relates to special assistance
21 and other programs, is amended as follows:

22 (a) In section 400(a), which relates to special assist-
23 ance, strike out "1959" and "\$202,500,000" and substitute
24 "1960" and "\$271,800,000", respectively.

25 (b) Insert after section 400 the following new section:

1 “SEC. 401. UNITED NATIONS EMERGENCY FORCE.—
 2 The Congress of the United States, recognizing the important
 3 contribution of the United Nations Emergency Force to in-
 4 ternational peace and security, declares it to be the policy
 5 of the United States and the purpose of this section to sup-
 6 port the United Nations Emergency Force. The President
 7 is hereby authorized to use during the fiscal year 1960
 8 funds made available pursuant to section 400(a) of this
 9 Act for contributions on a voluntary basis to the budget of
 10 the United Nations Emergency Force.”.

11 (e) In section 402, which relates to earmarking of
 12 funds, strike out “1959” in the first sentence and substitute
 13 “1960”.

14 (d) In section 403, which relates to responsibilities in
 15 Germany, strike out “1959” and “\$8,200,000” in the first
 16 sentence and substitute “1960” and “\$7,500,000”, respec-
 17 tively.

18 (e) Amend section 405, which relates to migrants,
 19 refugees, and escapees, as follows:

20 (1) In subsection (e), strike out “1959” and “\$1,
 21 200,000” and substitute “1960” and “\$1,100,000”,
 22 respectively.

23 (2) In subsection (d), strike out “1959” and “\$8,
 24 600,000” and substitute “1960” and “\$5,200,000”,
 25 respectively.

1 (f) In section 406, which relates to children's welfare,
 2 strike out "\$11,000,000" and "1959" and substitute "\$12,
 3 000,000" and "1960", respectively.

4 (g) In section 407, which relates to Palestine refugees
 5 in the Near East, strike out "1959" in the first sentence
 6 and substitute "1960".

7 (h) In section 408(e), which relates to the North
 8 Atlantic Treaty Organization, strike out "four" and substi-
 9 tute "five".

10 (i) In section 409(e), which relates to ocean freight
 11 charges, strike out "1959" and "\$2,100,000" and substitute
 12 "1960" and "\$2,300,000", respectively.

13 (j) Section 410, which relates to Control Act expenses,
 14 is repealed.

15 (k) Amend section 411, which relates to administrative
 16 and other expenses, as follows:

17 (1) In subsection (b), strike out "1959" and "\$33,
 18 000,000" and substitute "1960" and "\$39,500,000", respec-
 19 tively.

20 (2) In subsection (e), strike out " , not to exceed
 21 \$7,000,000 in any fiscal year,"; and insert before the period
 22 " , and for expenses of carrying out the objectives of the
 23 Mutual Defense Assistance Control Act of 1951 (22 U.S.C.
 24 1611): *Provided*, That, in addition, funds made available for
 25 carrying out chapter I of this Act shall be available for

1 carrying out the objectives of the Mutual Defense Assist-
 2 ance Control Act of 1951 in such amounts as the President
 3 may direct".

4 (1) Amend section 413(b)(4), which relates to en-
 5 couragement of free enterprise and private participation, as
 6 follows:

7 (1) In subparagraph (B)(ii), insert before the semi-
 8 colon " , revolution, insurrection, or civil strife arising in
 9 connection with war, revolution, or insurrection".

10 (2) In subparagraph (F), strike out "\$500,000,000"
 11 and substitute "\$1,000,000,000".

12 (m) In section 419(a), which relates to atoms for
 13 peace, strike out "1959" and "\$5,500,000" in the second
 14 sentence and substitute "1960" and "\$6,500,000", respec-
 15 tively.

16 CHAPTER III—CONTINGENCY FUND

17 SEC. 301. Section 451(b) of the Mutual Security Act
 18 of 1954, as amended, which relates to the President's special
 19 authority and contingency fund, is amended by striking out
 20 "1959" and "\$155,000,000" in the first sentence and sub-
 21 stituting "1960" and "\$200,000,000", respectively.

CHAPTER IV—GENERAL AND ADMINISTRATIVE

~~PROVISIONS~~

SEC. 401. Chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is amended as follows:

(a) In section 505(b), which relates to loan assistance and sales, strike out the third sentence and substitute the following: "United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to the Development Loan Fund, and, notwithstand-

1 ing section 1415 of the Supplemental Appropriation Act,
 2 1953, or any other provision of law relating to the use of
 3 foreign currencies or other receipts accruing to the United
 4 States, shall be available for use for purposes of title II of
 5 chapter II of this Act.”.

6 (b) In section 516, which relates to prohibition against
 7 debt retirement, insert before the period “: *Provided further,*
 8 That in the event the President determines that use of a
 9 specified amount of counterpart in any particular country for
 10 purposes other than that prohibited by this section would
 11 adversely affect economic and financial stabilization of that
 12 country, such counterpart may be used without regard to
 13 the restrictions of this section”.

14 (c) In section 527(b), which relates to employment
 15 of personnel, strike out “sixty” and “thirty-five” in the first
 16 sentence and substitute “seventy-five” and “fifty”, respec-
 17 tively.

18 (d) Amend section 537, which relates to provisions on
 19 uses of funds, as follows:

20 (1) In paragraph (5) of subsection (a), strike out
 21 “\$3,300” and substitute “\$3,800”.

22 (2) In subsection (c), strike out “\$26,000,000” and
 23 substitute “\$27,750,000”.

24 (e) In section 543(d), which relates to saving pro-
 25 visions, strike out the words between “repealed” and “shall”

1 in the first sentence and substitute "subsequent to the time
 2 such funds are appropriated"; insert "or subsequent Acts"
 3 after "1957" both times it appears in the second sentence;
 4 and strike out the last sentence.

5 (f) Section 549, which relates to special provisions on
 6 availability of funds, is repealed.

7 CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH;
 8 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERA-
 9 TION

10 INTERNATIONAL COOPERATION IN HEALTH

11 SEC. 501. The Congress of the United States recognizes
 12 that large areas of the world are being ravaged by diseases
 13 and other health deficiencies which are causing widespread
 14 suffering, debility, and death, and are seriously deterring the
 15 efforts of peoples in such areas to develop their resources and
 16 productive capacities and to improve their living conditions.
 17 The Congress also recognizes that international efforts are
 18 needed to assist such peoples in bringing diseases and other
 19 health deficiencies under control, in preventing their spread
 20 or reappearance, and in eliminating their basic causes. Ac-
 21 cordingly, the Congress affirms that it is the policy of the
 22 United States to accelerate its efforts to encourage and sup-

1 port international cooperation in programs directed toward
2 the conquest of diseases and other health deficiencies.

3 ~~COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION~~

4 SEC. 502. To enable the United States to maintain mem-
5 bership in the Colombo Plan Council for Technical Coop-
6 eration, there is hereby authorized to be appropriated from
7 time to time to the Department of State such sums as may
8 be necessary for the payment by the United States of its
9 share of the expenses of the Colombo Plan Council for Tech-
10 nical Cooperation.

11 *That this Act may be cited as the "Mutual Security Act of*
12 *1959".*

13 SEC. 2. Section 2 of the Mutual Security Act of 1954, as
14 amended, which is a statement of policy, is amended to read
15 as follows:

16 "SEC. 2. STATEMENT OF POLICY.—(a) Through pro-
17 grams of assistance authorized by this Act and its predeces-
18 sors, the United States has helped thwart Communist intimi-
19 dation in many countries of the world, helped Europe re-
20 cover from the wounds of World War II, supported de-
21 fensive military preparations by nations alerted by Com-
22 munist aggression, and has soundly begun to help peoples
23 of economically underdeveloped areas to develop their re-
24 sources and improve their living standards.

1 “(b) Programs authorized by this Act continue to serve
2 the following principal purposes:

3 “(1) The Congress of the United States perceives
4 the identity of interest which exists between the people of
5 the United States and the peoples of other lands who are
6 striving to establish and develop politically independent
7 and economically viable units, to produce more goods and
8 services and improve ways of living by methods which
9 reflect popular will, and to establish responsible govern-
10 ments which cooperate with like-minded governments.
11 The Congress declares it to be a primary objective and
12 need of the United States to share these strivings by
13 giving generously of our knowledge and substance to
14 peoples willing to work energetically toward these ends.

15 “(2) The Congress of the United States recognizes
16 that the peace of the world and the security of the
17 United States are endangered as long as international
18 communism and the nations it controls continue by
19 threat of military action, use of economic pressure,
20 internal subversion, or other means to attempt to bring
21 under their domination peoples now free and independent
22 and continue to deny the rights of freedom and self-
23 government to peoples and nations once free but now
24 subject to such domination. The Congress declares it

1 to be the policy of the United States to continue as long
2 as such danger to the peace of the world and to the
3 security of the United States persists to make available
4 to free nations and peoples upon request assistance of
5 such nature and in such amounts as the United States
6 deems advisable compatible with its own stability,
7 strength, and other obligations, and as may be needed
8 and effectively used by such free nations and peoples to
9 help them maintain their freedom.

10 “(c) It is the sense of the Congress that inasmuch as—

11 “(1) the United States, through mutual security
12 programs, has made substantial contributions to the eco-
13 nomic recovery and rehabilitation of the nations of
14 Western Europe;

15 “(2) due in part to those programs, it has been
16 possible for such nations to achieve complete economic
17 recovery and to regain their military strength; and

18 “(3) certain other friendly nations of the world
19 remain in need of assistance in order that they may
20 defend themselves against aggression and contribute to
21 the security of the free world,

22 those nations that have been assisted in their recovery should,
23 in the future, share with the United States to a greater extent
24 the financial burden of providing aid to those countries which

1 are still in need of assistance of the type provided under this
2 Act.

3 “(d) It is the sense of the Congress that assistance under
4 this Act shall be administered so as to assist other peoples
5 in their efforts to achieve self-government or independence
6 under circumstances which will enable them to assume an
7 equal station among the free nations of the world and to
8 fulfill their responsibilities for self-government or independ-
9 ence. To this end, assistance shall be rendered where appro-
10 priate and feasible in such a way as to promote the emergence
11 of political units which are economically viable, either alone
12 or in cooperation with neighboring units.”

13 CHAPTER I—MILITARY ASSISTANCE

14 MILITARY ASSISTANCE

15 SEC. 101. Chapter I of the Mutual Security Act of
16 1954, as amended, which relates to military assistance, is
17 amended as follows:

18 (a) Amend section 103(a), which relates to authoriza-
19 tion, to read as follows:

20 “(a) There is hereby authorized to be appropriated
21 to the President for use beginning in the fiscal year 1960
22 to carry out the purposes of this chapter not to exceed
23 \$1,600,000,000, which shall remain available until ex-
24 pended: Provided, That of the funds made available pur-

1 suant to this section, \$1,100,000,000 shall be available only
2 for assistance to countries party to the North Atlantic
3 Treaty or for activities of the North Atlantic Treaty Organ-
4 ization in such countries. Programs of military assistance
5 subsequent to the fiscal year 1960 program shall be budgeted
6 so as to come into direct competition for financial support
7 with other activities and programs of the Department of
8 Defense.”

9 (b) Amend section 105(b), which relates to conditions
10 applicable to military assistance, as follows:

11 (1) Paragraph (4) is amended to read as follows:

12 “(4) Military equipment and materials may be fur-
13 nished to the other American Republics only in further-
14 ance of missions directly relating to the common defense
15 of the Western Hemisphere which are found by the
16 President to be important to the security of the United
17 States, or for assistance to an international military force
18 under the control of the Organization of American
19 States for the protection of nations against external ag-
20 gression. The President annually shall review such find-
21 ings and shall determine whether military assistance is
22 necessary. Internal security requirements shall not be
23 the basis for military assistance programs to American
24 Republics. Of the funds made available pursuant to sec-
25 tion 103(a), not more than \$65,000,000 shall be avail-

1 *able for military assistance in American Republics*
2 *during the fiscal year 1960. An additional \$31,500,000*
3 *shall be available during the fiscal year 1960 only for*
4 *assistance to an international military force under the*
5 *control of the Organization of American States: Pro-*
6 *vided, That any balance remaining from such \$31,500,-*
7 *000 not so used may be transferred from the military*
8 *assistance account to the special assistance account (sec.*
9 *400(a)) and shall be available under the terms of*
10 *that section only to promote economic development in*
11 *Latin America.”*

12 *(2) Add the following new paragraphs:*

13 *“(5) To the extent feasible and consistent with*
14 *the other purposes of this chapter, administrators of the*
15 *military assistance program shall encourage the use of*
16 *foreign military forces in underdeveloped countries in*
17 *the construction of public works and other activities help-*
18 *ful to economic development.*

19 *“(6) Military assistance to a country found by the*
20 *Secretary of State to be underdeveloped shall, unless the*
21 *Secretary authorizes an exception, be programed, and*
22 *force goals shall be recommended, according to the prin-*
23 *ciple that economic development needs shall have first*
24 *call on the internal resources of such country.”*

CHAPTER II—ECONOMIC ASSISTANCE

DEFENSE SUPPORT

SEC. 201. Section 131(b) of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out "1959" and "\$810,000,000" and substituting "1960" and "\$835,000,000", respectively.

DEVELOPMENT LOAN FUND

SEC. 202. Title II of chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 203, which relates to capitalization, to read as follows:

"SEC. 203. CAPITALIZATION.—(a) The Secretary of the Treasury is authorized and directed to make, during the fiscal years 1960 through 1964, loans to the Fund in amounts needed to cover obligations incurred against the Fund. Except as provided in section 204(b) of this Act, the maximum amount of obligations incurred against the Fund during each of such fiscal years shall be \$1,000,000,000; and any unused portion of the maximum applicable to any period shall be added to the maximum applicable to the succeeding period.

"(b) For purposes of the loans provided for in this section, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the

1 *Second Liberty Bond Act as now in force or as hereafter*
 2 *amended, and the purposes for which securities may be issued*
 3 *under the Second Liberty Bond Act are hereby extended to*
 4 *include this purpose. The President shall determine the terms*
 5 *and conditions of any advances or loans made to the Fund*
 6 *pursuant to this section."*

7 *(b) In section 204(b), which relates to fiscal provisions,*
 8 *after the first sentence insert: "The amount of such obliga-*
 9 *tions also may not exceed the limitations specified in section*
 10 *203(a) of this Act except that, to the extent that assets of the*
 11 *Fund other than capitalization provided pursuant to section*
 12 *203(a) are available, obligations may be incurred beyond*
 13 *such limitations."*

14 *(c) Amend section 205, which relates to management,*
 15 *powers, and authorities, as follows:*

16 *(1) In subsection (b), strike out "three" in the second*
 17 *sentence and substitute "four".*

18 *(2) In subsection (c), strike out the last sentence.*

19 *TECHNICAL COOPERATION*

20 *SEC. 203. Title III of chapter II of the Mutual Security*
 21 *Act of 1954, as amended, which relates to technical coopera-*
 22 *tion, is amended as follows:*

23 *(a) In section 304, which relates to authorization, strike*

1 out “\$150,000,000” and “1959” and substitute “\$179.-
2 500,000” and “1960”, respectively.

3 (b) Amend section 306, which relates to multilateral
4 technical cooperation and related programs, as follows:

5 (1) In subsection (a), which relates to contributions to
6 the United Nations expanded program of technical assist-
7 ance and related fund, strike out “\$20,000,000” and “1959”
8 and substitute “\$30,000,000” and “1960”, respectively, and
9 strike out “and for succeeding calendar years not to exceed
10 40 per centum of the total amount contributed for such pur-
11 pose for each such year” and insert “, for the calendar year
12 1959 not to exceed 40 per centum of the total amount con-
13 tributed for such purpose, and for succeeding calendar years
14 not to exceed 39 per centum of the total amount contributed
15 for such purpose (including assessed and audited local costs)
16 for each such year”.

17 (2) In subsection (b), which relates to contributions to
18 the technical cooperation program of the Organization of
19 American States, strike out “1959” and substitute “1960”.

20 (c) In section 308, which relates to the International De-
21 velopment Advisory Board, insert “or officers” after “officer”
22 in the first sentence and strike out “to administer this title”
23 in that sentence.

SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 204. Title IV of chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is amended as follows:

(a) Amend section 400, which relates to special assistance, as follows:

(1) In subsection (a), which relates to authorization, strike out "1959" and "\$202,500,000" and substitute "1960" and "\$244,620,000", respectively.

(2) In subsection (c), which relates to assistance to American-sponsored schools and libraries abroad, strike out "\$10,000,000" and substitute "\$20,000,000".

(b) Insert after section 400 the following new section:

"SEC. 401. UNITED NATIONS EMERGENCY FORCE.—
The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1960 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force."

1 (c) In section 402, which relates to earmarking of funds,
2 strike out "1959" in the first sentence and substitute "1960".

3 (d) In section 403, which relates to responsibilities in
4 Germany, strike out "1959" and "\$8,200,000" in the first sen-
5 tence and substitute "1960" and "\$7,500,000", respectively.

6 (e) Amend section 405, which relates to migrants,
7 refugees, and escapees, as follows:

8 (1) In subsection (c), strike out "1959" and "\$1,200,-
9 000" and substitute "1960" and "\$1,100,000", respectively.

10 (2) In subsection (d), strike out "1959" and "\$8,600,-
11 000" and substitute "1960" and "\$5,200,000", respectively.

12 (f) In section 406, which relates to children's welfare,
13 strike out "\$11,000,000" and "1959" and substitute "\$12,-
14 000,000" and "1960", respectively.

15 (g) In section 407, which relates to Palestine refugees
16 in the Near East, strike out "1959" in the first sentence
17 and substitute "1960".

18 (h) In section 408(c), which relates to the North
19 Atlantic Treaty Organization, strike out "four" and substi-
20 tute "five".

21 (i) In section 409(c), which relates to ocean freight
22 charges, strike out "1959" and "\$2,100,000" and substitute
23 "1960" and "\$2,300,000", respectively.

24 (j) Section 410, which relates to Control Act expenses,
25 is repealed.

1 (k) Amend section 411, which relates to administrative
2 and other expenses, as follows:

3 (1) In subsection (b), strike out "1959" and "\$33,-
4 000,000" and substitute "1960" and "\$39,500,000", respec-
5 tively.

6 (2) In subsection (c), strike out ", not to exceed
7 \$7,000,000 in any fiscal year,"; and insert before the period
8 " , and for expenses of carrying out the objectives of the
9 Mutual Defense Assistance Control Act of 1951 (22 U.S.C.
10 1611): Provided, That, in addition, funds made available for
11 carrying out chapter I of this Act shall be available for
12 carrying out the objectives of the Mutual Defense Assist-
13 ance Control Act of 1951 in such amounts as the President
14 may direct".

15 (l) After section 411, insert a new section as follows:

16 "SEC 412. PRESIDENT'S SPECIAL EDUCATION AND
17 TRAINING FUND.—Of the funds appropriated pursuant to
18 section 103(a) for use beginning in each of the fiscal years
19 1960 through 1964, \$10,000,000 for each such year shall be
20 available only as follows:

21 "(a) \$5,000,000 shall be available until expended only
22 for financing studies, research, instruction, and other educa-
23 tional activities of citizens of underdeveloped countries in
24 educational institutions in the United States, Puerto Rico,
25 and the Virgin Islands. Such financing may include pay-

1 *ment for transportation, tuition, maintenance and other ex-*
2 *penses incident to scholastic activities. The President may*
3 *employ such funds to augment programs of this character*
4 *authorized by section 32(b)(2) of the Surplus Property Act*
5 *of 1944, as amended, and by the United States Information*
6 *and Educational Exchange Act of 1948, as amended, and he*
7 *may consolidate such portions of such \$5,000,000 as he may*
8 *deem appropriate with appropriations made to carry out these*
9 *two Acts.*

10 *“(b) \$5,000,000 shall be available until expended only*
11 *for the training of people of underdeveloped countries in*
12 *skills which will contribute to economic development. Such*
13 *training shall be carried out in accordance with the policies*
14 *set forth in title III of chapter II, relating to technical coop-*
15 *eration, and such \$5,000,000 may be consolidated with ap-*
16 *propriations made for carrying out title III of chapter II.”*

17 *(m) Amend section 413(b)(4), which relates to en-*
18 *couragement of free enterprise and private participation, as*
19 *follows:*

20 *(1) In subparagraph (A), strike out “any of the pur-*
21 *poses of this Act” and substitute “the development of the*
22 *economic resources and productive capacities of economically*
23 *underdeveloped areas”.*

24 *(2) In subparagraph (F), strike out “\$500,000,000”*
25 *and substitute “\$1,000,000,000”.*

1 (3) In subparagraph (G), strike out “achieving any of
2 the purposes of this Act” and substitute “furthering the de-
3 velopment of the economic resources and productive capacities
4 of economically underdeveloped areas”.

5 (n) In section 419(a), which relates to atoms for
6 peace, strike out “1959” and “\$5,500,000” in the second
7 sentence and substitute “1960” and “\$6,500,000”, respec-
8 tively.

9 CHAPTER III—CONTINGENCY FUND

10 SEC. 301. Section 451(b) of the Mutual Security Act
11 of 1954, as amended, which relates to the President’s special
12 authority and contingency fund, is amended by striking out
13 “1959” and “\$155,000,000” in the first sentence and sub-
14 stituting “1960” and “\$180,000,000”, respectively.

15 CHAPTER IV—GENERAL AND ADMINISTRATIVE 16 PROVISIONS

17 SEC. 401. Chapter IV of the Mutual Security Act of
18 1954, as amended, which relates to general and administra-
19 tive provisions, is amended as follows:

20 (a) In section 501, which relates to transferability of
21 funds, designate the present text as “(a)” and add the follow-
22 ing new subsection:

23 “(b) In view of the rapidly increasing danger to the
24 independence of friendly countries which is presented by the
25 trade and assistance programs of international communism,

1 *and notwithstanding subsection (a) of this section, the Presi-*
2 *dent is authorized to transfer to and consolidate with funds*
3 *made available for nonmilitary use under titles III and IV*
4 *of chapter II up to 30 per centum of the funds made avail-*
5 *able for military use under chapter I."*

6 *(b) In section 503, which relates to termination of as-*
7 *sistance, designate the present text as subsection "(a)" and*
8 *add the following new subsection:*

9 *"(b) The President shall include in his recommenda-*
10 *tions to the Congress for the fiscal year 1961 programs under*
11 *this Act a specific plan for each country receiving bilateral*
12 *grant assistance in the categories of defense support or special*
13 *assistance, whereby such grant assistance shall be progressively*
14 *reduced and eliminated."*

15 *(c) In section 504, which relates to small businesses,*
16 *add the following new subsection:*

17 *"(d) There is hereby authorized to be appropriated to*
18 *the President for the fiscal year 1960 not to exceed \$2,-*
19 *500,000 to make available to foreign small business con-*
20 *cerns in underdeveloped countries, or to foreign government*
21 *organizations established for the purpose of helping such con-*
22 *cerns in underdeveloped countries, on such terms and condi-*
23 *tions as he may determine, machine tools, industrial equip-*
24 *ment and other equipment owned by agencies of the United*
25 *States Government."*

1 (d) In section 505(b), which relates to loan assistance
2 and sales, strike out the third sentence and substitute the fol-
3 lowing: "United States dollars received in repayment of
4 principal and payment of interest on any loan made under
5 this section shall be deposited into miscellaneous receipts of
6 the Treasury. Foreign currencies received in repayment of
7 principal and payment of interest on any such loan which
8 are in excess of the requirements as determined from time
9 to time by the Secretary of State for purposes authorized in
10 section 32(b)(2) of the Surplus Property Act of 1944, as
11 amended (50 U.S.C. app. 1641 (b)), may be sold by the
12 Secretary of the Treasury to United States Government
13 agencies for payment of their obligations abroad and the
14 United States dollars received as reimbursement shall also be
15 deposited into miscellaneous receipts of the Treasury. For-
16 eign currencies so received which are in excess of the re-
17 quirements of the United States in the payment of its obliga-
18 tions abroad, as such requirements may be determined from
19 time to time by the President, shall be credited to the Develop-
20 ment Loan Fund, and, notwithstanding section 1415 of the
21 Supplemental Appropriation Act, 1953, or any other pro-
22 vision of law relating to the use of foreign currencies or other
23 receipts accruing to the United States, shall be available for
24 use for purposes of title II of chapter II of this Act."

1 (e) Amend section 523, which relates to coordination with
2 foreign policy, as follows:

3 (1) In subsection (b), add the following new sentence:
4 “The chief of the diplomatic mission shall make sure that
5 recommendations of such representatives pertaining to mili-
6 tary assistance are coordinated with political and economic
7 considerations, and his comments shall accompany such recom-
8 mendations if he so desires.”

9 (2) Amend subsection (c) to read as follows:

10 “(c) Under the direction of the President, the Secretary
11 of State shall be responsible for the continuous supervision
12 and general direction of the assistance programs authorized
13 by this Act, including but not limited to determining whether
14 there shall be a military assistance program for a country
15 and the value thereof, to the end that such programs are effec-
16 tively integrated both at home and abroad and the foreign
17 policy of the United States is best served thereby.”

18 (f) In section 527(b), which relates to employment
19 of personnel, strike out “sixty” and “thirty-five” in the first
20 sentence and substitute “seventy-five” and “fifty”, respec-
21 tively.

22 (g) Amend section 537, which relates to provisions on
23 uses of funds, as follows:

24 (1) In paragraph (5) of subsection (a), strike out
25 “\$3,300” and substitute “\$3,800”.

1 (2) In subsection (c), strike out “\$26,000,000” and
2 substitute “\$27,750,000”.

3 (3) Amend subsection (f) to read as follows:

4 “(f) During the annual presentation to the Congress
5 of requests for authorizations and appropriations under this
6 Act, there shall be submitted a detailed report on the assist-
7 ance to be furnished, country-by-country, under title I of
8 chapter II, and under section 400(a), of this Act. The
9 report with respect to each country shall contain a clear and
10 detailed explanation of the proposed level of aid for such
11 country, and shall include a listing of all significant factors
12 considered in determining the level of aid for such country;
13 the reason for including each such factor and an explanation
14 of the manner in which each of such factors is related to the
15 specific dollar figure which constitutes the proposed level of
16 aid for each such country. In addition, with respect to
17 assistance proposed to be furnished under title I of chapter II
18 of this Act, the report shall contain a clear and detailed ex-
19 planation on a country-by-country basis of the determination
20 of the particular level of forces to be supported by the pro-
21 posed request for authorization and appropriation for mili-
22 tary assistance, the factors considered in arriving at each
23 country determination, and where the level of forces supported
24 by military assistance differs from the total level of forces

1 maintained in any such country, an explanation, in detail, of
2 the reason for the difference in such level of forces.”

3 (h) In section 543(d), which relates to saving pro-
4 visions, strike out the words between “repealed” and “shall”
5 in the first sentence and substitute “subsequent to the time
6 such funds are appropriated”; insert “or subsequent Acts”
7 after “1957” both times it appears in the second sentence;
8 and strike out the last sentence.

9 (i) Section 549, which relates to special provisions on
10 availability of funds, is repealed.

11 (j) After section 549 add the following new sections:

12 “SEC. 550. INFORMATION POLICY.—The President
13 shall, in the reports required by section 534, or in response to
14 requests from Members of the Congress or inquiries from the
15 public, make public all information concerning the mutual
16 security program not deemed by him to be incompatible with
17 the security of the United States.

18 “SEC. 551. LIMITATION ON THE USE OF THE PRESI-
19 DENT’S SPECIAL AUTHORITY.—The authority contained in
20 sections 403, 451, and 501 of this Act shall not be used to
21 augment appropriations made pursuant to sections 103(b),
22 408, 411(b), and 411(c) or used otherwise to finance
23 activities which normally would be financed from appropria-
24 tions for administrative expenses.”

1 CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH;
2 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERA-
3 TION

4 INTERNATIONAL COOPERATION IN HEALTH

5 SEC. 501. *The Congress of the United States recognizes*
6 *that large areas of the world are being ravaged by diseases*
7 *and other health deficiencies which are causing widespread*
8 *suffering, debility, and death, and are seriously deterring the*
9 *efforts of peoples in such areas to develop their resources and*
10 *productive capacities and to improve their living conditions.*
11 *The Congress also recognizes that international efforts are*
12 *needed to assist such peoples in bringing diseases and other*
13 *health deficiencies under control, in preventing their spread*
14 *or reappearance, and in eliminating their basic causes. Ac-*
15 *cordingly, the Congress affirms that it is the policy of the*
16 *United States to accelerate its efforts to encourage and sup-*
17 *port international cooperation in programs directed toward*
18 *the conquest of diseases and other health deficiencies.*

19 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

20 SEC. 502. *To enable the United States to maintain mem-*
21 *bership in the Colombo Plan Council for Technical Coop-*
22 *eration, there is hereby authorized to be appropriated from*
23 *time to time to the Department of State such sums as may*
24 *be necessary for the payment by the United States of its*

1 *share of the expenses of the Colombo Plan Council for Tech-*
2 *nical Cooperation.*

3 *CHAPTER VI—AMENDMENTS TO OTHER LAWS AND*
4 *MISCELLANEOUS PROVISIONS*

5 *SEC. 601. Public Law 885, Eighty-fourth Congress*
6 *(70 Stat. 890, 5 U.S.C. 170f-170t), which provides certain*
7 *basic authority for the Department of State, is amended by*
8 *adding at the end thereof a new section reading as follows:*

9 *“SEC. 16. (a) The Secretary of State is authorized to*
10 *make grants to individuals who are engaged in teaching*
11 *any modern foreign language, in an elementary or secon-*
12 *dary school or an institution of higher education. Such*
13 *grants shall be for the purpose of enabling such individuals,*
14 *during the summer period when their services as teachers*
15 *are not required, to obtain in an area, region, or country*
16 *in which the language they are teaching is commonly used,*
17 *advanced training in such language and training in other*
18 *fields needed for a full understanding of such area, region,*
19 *or country. The Secretary shall consult with the Secretary*
20 *of Health, Education, and Welfare with respect to the*
21 *selection of individuals for grants under this section and*
22 *the establishment of standards for their selection, and the*
23 *Secretary of State may make arrangements for the perform-*
24 *ance by the Department of Health, Education, and Welfare*
25 *of such functions under this section as may be mutually*

1 agreeable to the Secretary of State and Secretary of Health,
2 Education, and Welfare.

3 “(b) Notwithstanding section 1415 of the Supplemental
4 Appropriation Act, 1953, or any other provision of law,
5 the Secretary of State, in carrying out the provisions of this
6 section, may use currencies, or credits for currencies, of
7 any foreign government (1) held or available for expendi-
8 ture by the United States and not required by law or agree-
9 ment with such government to be expended or used for any
10 other purpose, or (2) made available under the provisions
11 of subsection (c) of this section.

12 “(c) In order to make additional funds available for the
13 purposes of this section the Secretary of State is authorized
14 to enter into an executive agreement or agreements with any
15 foreign government for the use of currencies, or credits for
16 currencies, of such government deposited pursuant to agree-
17 ments entered into under section 142(b) of the Mutual Secu-
18 rity Act of 1954 or section 115(b)(6) of the Economic
19 Cooperation Act of 1948, or any other Act and not required
20 by agreement with such government to be expended or used
21 for any other purposes.”

22 SEC. 602. Section 522 of the Foreign Service Act of
23 1946, as amended (60 Stat. 1009, 22 U.S.C. 922), is
24 amended by striking out the word “and” at the end of sub-
25 paragraph (1), by striking out the period at the end of sub-

1 paragraph (2) and substituting a semicolon and the word
2 "and", and by adding at the end thereof a new subparagraph
3 (3) which shall read as follows:

4 " (3) extend the appointment or assignment of any
5 Reserve officer, or continue the services of any such Re-
6 serve officer by reappointment without regard to the
7 provisions of section 527 of this Act, for not more than
8 five additional years if the Secretary deems it to be in
9 the public interest to continue such officer in the Service,
10 except that the assignment of any Reserve officer under
11 paragraph (2) above may not be extended under the
12 provisions of this paragraph without the consent of the
13 head of the agency concerned."

14 SEC. 603. Section 1011(a) of the United States Informa-
15 tion and Educational Exchange Act of 1948, as amended
16 (22 U.S.C. 1442), is amended by inserting before the period
17 at the end thereof a colon and the following: "Provided, That
18 the purpose of making informational media guaranties shall
19 be the achievement of the foreign policy objectives of the
20 United States, including the objective mentioned in sections
21 413(b)(4)(A) and 413(b)(4)(G) of the Mutual Security
22 Act of 1954, as amended".

23 SEC. 604. EXPENSES OF ANNUAL MEETING OF
24 NORTH ATLANTIC TREATY PARLIAMENTARY CONFER-
25 ENCE.—There is authorized to be appropriated the sum

1 of \$100,000 for the purpose of defraying the expenses inci-
2 dent to the annual meeting of the North Atlantic Treaty Par-
3 liamentary Conference for the year 1959, to be held in
4 Washington, District of Columbia. Funds appropriated
5 pursuant to this authorization shall be disbursed on vouchers
6 jointly approved by the chairmen of the Senate and House
7 delegations to the Conference, and such approval shall be
8 final and conclusive upon the accounting officers in the audit-
9 ing of accounts incident to the annual meeting.

[Report No. 412]

A BILL

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

By Mr. FULBRIGHT

MARCH 18, 1959

Read twice and referred to the Committee on Foreign Relations

JUNE 22, 1959

Reported with an amendment

86TH CONGRESS
1ST SESSION

Received; read twice and ordered to be placed on the calendar

AN ACT

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled.*
3 That this Act may be cited as the “Mutual Security Act of
4 1959”.

STATEMENT OF POLICY

6 SEC. 2. (a) Section 2 of the Mutual Security Act of
7 1954, as amended, containing a statement of policy, is
8 amended by inserting the following sentence immediately
9 before the first sentence of subsection (a) thereof: "It is the
10 sense of Congress that peace in the world increasingly de-
11 pends on wider recognition, both in principle and practice,

1 of the dignity and interdependence of man; and that the sur-
2 vival of free institutions in the United States can best be
3 assured in a worldwide atmosphere of expanded freedom.”

4 (b) Such section 2 is further amended by adding at the
5 end thereof the following:

6 “(d) It is the sense of the Congress, recognizing the
7 interdependence of the freedom and progress of liberty-
8 loving people everywhere, that the United States within
9 the limits of its other obligations has an interest in assisting
10 the efforts of the people of the world to realize their aspira-
11 tions for justice and improved living standards, for education,
12 for governments of their own choosing and for dignity and
13 respect as individual human beings.”

14 CHAPTER I—MILITARY ASSISTANCE

15 MILITARY ASSISTANCE

16 SEC. 101. Section 103 (a) of the Mutual Security Act
17 of 1954, as amended, which relates to military assistance, is
18 amended by striking out “1959” and “\$1,605,000,000” and
19 substituting “1960” and “\$1,440,000,000”, respectively.

20 LIMITATIONS ON FURNISHING OF MILITARY ASSISTANCE

21 SEC. 102. Section 105 of the Mutual Security Act of
22 1954, as amended, which relates to conditions applicable to
23 military assistance, is amended by redesignating subsec-
24 tion (b) as subsection (c), and by inserting immediately
25 after subsection (a) the following:

1 “(b) Subject to fulfilling commitments in existence on
2 June 30, 1959, no arms or weapons may be furnished to
3 any nation under this chapter on a grant basis, except where
4 the President determines that the national interest requires
5 otherwise and so reports to the Speaker of the House of
6 Representatives and the Committee on Foreign Relations
7 of the Senate, unless—

8 “(1) the arms or weapons requested by and fur-
9 nished to the recipient nation are needed to meet the
10 danger of direct Communist armed aggression or infiltra-
11 tion, or Communist subversion from within, or to per-
12 form agreed missions within collective defense arrange-
13 ments under treaties entered into with the United
14 States;

15 “(2) the arms or weapons furnished the recipient
16 nation are limited to those of a type and in amounts
17 appropriate to these needs; and

18 “(3) the defense expenditures of the recipient na-
19 tion, taking into account assistance from other sources,
20 do not overburden the economy of such nation in such
21 a way as to create internal instability, nor strain its
22 relations with its non-Communist neighboring nations
23 in such a way as to create regional instability, which
24 may overbalance the benefits of the protection provided
25 against the external danger.”

1 CHAPTER II—ECONOMIC ASSISTANCE

2 DEFENSE SUPPORT

3 SEC. 201. Section 131 (b) of the Mutual Security Act
4 of 1954, as amended, which relates to defense support, is
5 amended by striking out “1959” and “\$810,000,000” and
6 substituting “1960” and “\$750,000,000”, respectively.

7 UTILIZATION OF COUNTERPART FUNDS

8 SEC. 202. Clause (iii) of section 142 (b) of the Mutual
9 Security Act of 1954, as amended, which relates to utilization
10 of funds in Special Accounts, is amended (1) by inserting
11 immediately before the colon preceding the first proviso the
12 following: “or for the advancement of education, including
13 the establishment, expansion, or operation of schools, colleges,
14 or universities for the promotion of vocational, professional,
15 scientific, technological, or general education”, and (2) by
16 inserting immediately before the period at the end thereof
17 the following: “: *Provided further*, That whenever funds
18 from such Special Account are used by a country to make
19 loans, all funds received in repayment of such loans prior to
20 termination of assistance to such country shall be reused only
21 for such purposes as shall have been agreed to between the
22 country and the Government of the United States”.

DEVELOPMENT LOAN FUND

SEC. 203. Title II of chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 202 (b), which relates to general authority, as follows:

(1) In clause (4) of the first sentence, strike out the comma following the words "labor surplus" and insert in lieu thereof the following: "and to the net position of the United States in its balance of trade with the rest of the world,".

(2) Insert the following sentence immediately after the second sentence: "The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people, demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long term economic development objectives."

(3) In the next to last sentence, immediately before the period at the end thereof, insert the following: "nor shall the fractional reserve maintained by the Development Loan

1 Fund for any guaranty made pursuant to this section be less
2 in any case than 50 percent of the face amount of such
3 guaranty”.

4 (b) Amend section 203, which relates to capitalization,
5 to read as follows:

6 “SEC. 203. CAPITALIZATION.—There is hereby author-
7 ized to be appropriated to the President without fiscal year
8 limitation, for advances to the Fund after June 30, 1959,
9 not to exceed \$700,000,000.”

10 (c) In section 204 (b), which relates to fiscal provi-
11 sions, strike out “(a)” in the second sentence.

12 TECHNICAL COOPERATION

13 SEC. 204. Title III of chapter II of the Mutual Security
14 Act of 1954, as amended, which relates to technical coop-
15 eration, is amended as follows:

16 (a) In section 304, which relates to authorization,
17 strike out “\$150,000,000” and “1959” and substitute
18 “\$179,500,000” and “1960”, respectively.

19 (b) Amend section 306, which relates to multilateral
20 technical cooperation and related programs, as follows:

21 (1) In subsection (a), which relates to contributions
22 to the United Nations Expanded Program of Technical
23 Assistance and related fund, strike out “\$20,000,000” and
24 “1959” and substitute “\$30,000,000” and “1960”, respec-
25 tively.

1 (2) In subsection (b), which relates to contributions to
2 the technical cooperation program of the Organization of
3 American States, strike out "1959" and substitute "1960".

4 (c) Section 308 is hereby repealed.

5 SPECIAL ASSISTANCE AND OTHER PROGRAMS

6 SEC. 205. Title IV of chapter II of the Mutual Security
7 Act of 1954, as amended, which relates to special assistance
8 and other programs, is amended as follows:

9 (a) Amend section 400, which relates to special assist-
10 ance, as follows:

11 (1) In subsection (a), strike out "1959" and "\$202,-
12 500,000" and substitute "1960" and "\$250,000,000",
13 respectively.

14 (2) In subsection (c), insert "(1)" immediately after
15 "specify," and immediately after "ideas and practices of
16 the United States," insert "or (2) for hospitals abroad de-
17 signed to serve as centers for medical treatment, education
18 and research, founded or sponsored by citizens of the United
19 States,"; and in the last sentence of such subsection, imme-
20 diately after "as amended," insert "and notwithstanding
21 the provisions of Public Law 213, Eighty-second Congress,
22 the President is authorized to utilize foreign currencies accru-
23 ing to the United States under this or any other Act,".

24 (3) Add at the end of such section 400 the following:

25 "(d) Notwithstanding the provisions of section 1415

1 of the Supplemental Appropriation Act, 1953, or any other
2 provision of law, the President is authorized to use foreign
3 currencies accruing to the United States in any Latin Amer-
4 ican country under this or any other Act (other than under
5 title II of chapter II of this Act) in such amounts as may
6 be specified from time to time in appropriation Acts for
7 the purpose of making loans for land resettlement programs
8 described in clause (C) of subsection (b) of this section.”

9 (b) Insert after section 400 the following new section:

10 “SEC. 401. UNITED NATIONS EMERGENCY FORCE.—
11 The Congress of the United States, recognizing the important
12 contribution of the United Nations Emergency Force to in-
13 ternational peace and security, declares it to be the policy
14 of the United States and the purpose of this section to sup-
15 port the United Nations Emergency Force. The President
16 is hereby authorized to use during the fiscal year 1960 funds
17 made available pursuant to section 400 (a) of this Act for
18 contributions on a voluntary basis to the budget of the United
19 Nations Emergency Force.”

20 (c) In the first sentence of section 402, which relates to
21 earmarking of funds, strike out “1959” and substitute
22 “1960.”

23 (d) In section 403, which relates to responsibilities in
24 Germany, strike out “1959” and “\$8,200,000” in the first

1 sentence and substitute "1960" and "\$7,500,000", re-
2 spectively.

3 (e) Amend section 405, which relates to migrants,
4 refugees, and escapees, as follows:

5 (1) In subsection (c), strike out "1959" and "\$1,-
6 200,000" and substitute "1960" and "\$1,100,000", re-
7 spectively.

8 (2) In subsection (d), strike out "1959" and "\$8,-
9 600,000" and substitute "1960" and "\$5,200,000", re-
10 spectively.

11 (f) In section 406, which relates to children's welfare,
12 strike out "\$11,000,000" and "1959" and substitute
13 "\$12,000,000" and "1960", respectively.

14 (g) In section 407, which relates to Palestine refugees
15 in the Near East, strike out "1959" in the first sentence and
16 substitute "1960"; and strike out the proviso in the first
17 sentence.

18 (h) In section 408 (c), which relates to the North At-
19 lantic Treaty Organization, strike out "four" and substitute
20 "five".

21 (i) In section 409 (c), which relates to ocean freight
22 charges, strike out "1959" and "\$2,100,000" and sub-
23 stitute "1960" and "\$2,300,000", respectively.

1 (j) Section 410, which relates to Control Act expenses,
2 is repealed.

3 (k) Amend section 411, which relates to administrative
4 and other expenses, as follows:

5 (1) In subsection (b), strike out "1959" and "\$33,-
6 000,000" and substitute "1960" and "\$39,500,000", re-
7 spectively.

8 (2) In subsection (c), strike out ", not to exceed
9 \$7,000,000 in any fiscal year,"; and insert before the period
10 ", and for expenses of carrying out the objectives of the
11 Mutual Defense Assistance Control Act of 1951 (22 U.S.C.
12 1611): *Provided*, That, in addition, funds made available
13 for carrying out chapter I of this Act shall be available for
14 carrying out the objectives of the Mutual Defense Assistance
15 Control Act of 1951 in such amounts as the President may
16 direct".

17 (l) Amend section 413, which relates to encourage-
18 ment of free enterprise and private participation, as follows:

19 (1) In subsection (b) (4) (F), strike out "\$500,-
20 000,000" and substitute "\$1,000,000,000".

21 (2) In subsection (c), delete the words "a study" fol-
22 lowing the words "shall conduct" and insert in lieu thereof
23 "annual studies"; insert immediately before the period at
24 the end of the first sentence the following: ", and to the
25 net position of the United States in its balance of trade with

1 the rest of the world"; and in the final sentence delete the
2 word "study" following "such" and insert in lieu thereof
3 "studies".

4 (m) In section 419 (a), which relates to atoms for
5 peace, strike out "1959" and "\$5,500,000" in the second
6 sentence and substitute "1960" and "\$6,500,000", respec-
7 tively.

8 CHAPTER III—CONTINGENCY FUND

9 SEC. 301. Section 451 (b) of the Mutual Security Act of
10 1954, as amended, which relates to the President's special
11 authority and contingency fund, is amended by striking out
12 "1959" and "\$155,000,000" in the first sentence and sub-
13 stituting "1960" and "\$100,000,000", respectively.

14 CHAPTER IV—GENERAL AND ADMINISTRATIVE 15 PROVISIONS

16 SEC. 401. Chapter IV of the Mutual Security Act of
17 1954, as amended, which relates to general and administra-
18 tive provisions, is amended as follows:

19 (a) (1) Add at the end of section 502, which relates
20 to use of foreign currency, the following new subsection:

21 "(c) Notwithstanding any other provision of law, for-
22 eign currencies available to the United States for utilization
23 under this or any other Act may be utilized by the President,
24 in his discretion, for science and research, including the
25 purchase, dissemination, and translation of scientific books

1 and treaties, in such amounts as may be specified from time
2 to time in appropriation Acts.”

3 (2) In section 503, which relates to termination of
4 assistance, insert “(a)” immediately after “TERMINATION
5 OF ASSISTANCE.—”, and add at the end thereof the
6 following:

7 “(b) In any case in which a nation shall hereafter
8 expropriate or confiscate the property of any person as
9 defined in section 413 (b) of this Act and shall fail within
10 six months of such expropriation or confiscation to take
11 steps determined by the President to be appropriate to dis-
12 charge its obligations under international law toward such
13 person, the President shall withhold assistance under this
14 Act or any other Act to such nation.

15 “(c) The President shall include in his recommenda-
16 tions to the Congress for the fiscal year 1961 programs un-
17 der this Act a detailed plan for each country receiving bi-
18 lateral grant assistance in the categories of defense support
19 or special assistance, whereby such grant assistance shall be
20 progressively reduced.”

21 (b) In section 505 (b), which relates to loan assistance
22 and sales, strike out the third sentence and substitute the
23 following: “United States dollars received in repayment of
24 principal and payment of interest on any loan made under
25 this section shall be deposited into miscellaneous receipts

1 of the Treasury. Foreign currencies received in repayment
2 of principal and payment of interest on any such loan may
3 be sold by the Secretary of the Treasury to United States
4 Government agencies for payment of their obligations abroad
5 and the United States dollars received as reimbursement shall
6 also be deposited into miscellaneous receipts of the Treasury.
7 Foreign currencies so received which are in excess of the
8 requirements of the United States in the payment of its obli-
9 gations abroad, as such requirements may be determined
10 from time to time by the President, shall be credited to and
11 be available for the authorized purposes of the Development
12 Loan Fund in such amounts as may be specified from time
13 to time in appropriation Acts.”

14 (c) In section 510, which relates to purchase of com-
15 modities, delete the comma following the words “industrial
16 mobilization base” in the third sentence and insert the fol-
17 lowing: “or to the net position of the United States in its bal-
18 ance of trade with the rest of the world,”.

19 (d) In section 517, which relates to completion of plans
20 and cost estimates, delete the words “title I or” in the first
21 sentence, and insert “title I, II, or”, and add at the end
22 of such section the following: “With respect to any loan
23 made under the provisions of title II of chapter II, the
24 President, if he finds it to be in the interests of the United
25 States, may waive any provision of this section.”

1 (e) Insert immediately after section 517 the following
2 new section:

3 "SEC. 518. To the maximum extent feasible, all con-
4 tracts for construction outside the United States made in
5 connection with any agreement or grant subject to this sec-
6 tion shall be made through competitive bidding."

7 (f) In section 523 (b), which relates to coordination
8 with foreign policy, add the following new sentence: "The
9 chief of the diplomatic mission shall make sure that recom-
10 mendations of such representatives pertaining to military
11 assistance are coordinated with political and economic con-
12 siderations, and his comments shall accompany such recom-
13 mendations."

14 (g) Amend section 527, which relates to employment
15 of personnel, as follows:

16 (1) In subsection (b), strike out "sixty" and "thirty-
17 five" in the first sentence and substitute "sixty-five" and
18 "forty", respectively; and add the following new sentence at
19 the end thereof: "One of the offices established by section
20 1 (d) of Reorganization Plan Numbered 7 of 1953 may
21 notwithstanding the provisions of any other law be com-
22 pensated at a rate not in excess of \$20,000 per annum."

23 (2) In subsection (c), immediately below paragraph
24 (2), insert the following: "To the maximum extent feasible,
25 personnel appointed under this Act to perform services out-

1 side the United States shall be appointed in accordance with
2 the civil service laws.”

3 (h) Insert immediately after section 533 the following
4 new section:

5 “SEC. 533A. INSPECTOR GENERAL AND COMP-
6 TROLLER.—(a) There is hereby established in the Depart-
7 ment of State an office to be known as the ‘Office of the
8 Inspector General and Comptroller’, which shall be headed
9 by an officer designated as the ‘Inspector General and Comp-
10 troller’, whose salary shall be fixed at the maximum rate
11 provided by section 527 (b), and who shall be appointed
12 by and be responsible to an Under Secretary of State desig-
13 nated for such purpose by the Secretary of State. In addi-
14 tion, there shall be a Deputy Inspector General and Comp-
15 troller, whose salary shall not exceed the maximum rate
16 provided under the General Schedule of the Classification
17 Act of 1949, as amended, and such other personnel as may
18 be required to carry out the functions vested in the Inspector
19 General and Comptroller by or pursuant to this section.

20 “(b) There are hereby transferred to the Inspector
21 General and Comptroller all functions, powers, and duties
22 of the Office of Evaluation of the International Cooperation
23 Administration, and so much of the functions, powers, and
24 duties of the Office of Personnel Security and Integrity as
25 relate to investigations of improper activities in connection

1 with programs under the International Cooperation Admin-
2 istration.

3 “(c) The Inspector General and Comptroller shall have
4 the following duties:

5 “(1) Establishing a system of financial controls designed
6 to insure compliance with applicable laws and regula-
7 tions in carrying out programs under the provisions of
8 chapter I, of titles I, II, III (except section 306), and IV
9 (except sections 405, 406, 407, and 408) of chapter II and
10 of chapter III of this Act;

11 “(2) Advising and consulting with the Secretary of De-
12 fense or his delegate with respect to the controls, standards,
13 and procedures established under this section insofar as such
14 controls, standards, and procedures relate to assistance fur-
15 nished under chapter I of this Act;

16 “(3) Establishing policies and standards providing for
17 extensive internal audits of program activities under the pro-
18 visions of this Act referred to in paragraph (1);

19 “(4) Reviewing and approving internal audit programs
20 under this section, and coordinating such programs with the
21 General Accounting Office and the appropriate officials of
22 other Government departments in order to insure maximum
23 audit coverage and to avoid duplication of effort;

24 “(5) Reviewing audit findings and recommendations of
25 operating agencies and the action taken thereon, and making

1 recommendations with respect thereto to the Under Secre-
2 tary of State and other appropriate officials;

3 “(6) Conducting or requiring the conduct of such
4 special audits as in his judgment may be required in indi-
5 vidual cases, and of inspections with respect to end-item use
6 in foreign countries;

7 “(7) Prescribing a system of financial and statistical
8 reporting with respect to all programs carried out under the
9 provisions of this Act referred to in paragraph (1) ;

10 “(8) Advising the Under Secretary of State and other
11 appropriate officials on fiscal and budgetary aspects of pro-
12 posed programs under this Act;

13 “(9) Designing the form and prescribing the financial
14 and statistical content of the annual program presentation to
15 the Congress; and

16 “(10) Carrying out such other duties as may be vested
17 in him by the Under Secretary of State.

18 “(d) Expenses of the Office of the Inspector General
19 and Comptroller with respect to programs under this Act
20 shall be charged to the appropriations made to carry out
21 such programs: *Provided*, That all documents, papers, com-
22 munications, audits, reviews, findings, recommendations, re-
23 ports, and other material which relate to the operation or
24 activities of the Office of Inspector General and Comptroller
25 shall be furnished to the General Accounting Office and to

1 any committee of the Congress, or any duly authorized sub-
2 committee thereof, charged with considering legislation or
3 appropriation for, or expenditures of, such Office, upon re-
4 quest of the General Accounting Office or such committee
5 or subcommittee as the case may be.”

6 (i) Amend section 534, which relates to reports to
7 the Congress, by inserting “(a)” immediately after “RE-
8 PORTS.—” and by adding at the end thereof the following:

9 “(b) All documents, papers, communications, audits,
10 reviews, findings, recommendations, reports, and other mate-
11 rial which relate to the operation or activities of the Inter-
12 national Cooperation Administration shall be furnished to
13 the General Accounting Office and to any committee of the
14 Congress, or any duly authorized subcommittee thereof,
15 charged with considering legislation or appropriation for,
16 or expenditures of, such Administration, upon request of the
17 General Accounting Office or such committee or subcom-
18 mittee as the case may be.”

19 (j) Amend section 537, which relates to provisions on
20 uses of funds, as follows:

21 (1) In subsection (c), strike out “\$26,000,000” and
22 substitute “\$27,750,000”.

23 (2) Amend subsection (f) to read as follows:

24 “(f) During the annual presentation to the Congress of
25 requests for authorizations and appropriations under this Act,

1 there shall be submitted a detailed report on the assistance
2 to be furnished, country-by-country, under title I of chapter
3 II, and under section 400 (a) , of this Act. The report with
4 respect to each country shall contain a clear and detailed
5 explanation of the proposed level of aid for such country,
6 and shall include a listing of all significant factors considered
7 in determining the level of aid for such country; the reason
8 for including each such factor and an explanation of the
9 manner in which each of such factors is related to the specific
10 dollar figure which constitutes the proposed level of aid for
11 each such country. In addition, with respect to assistance
12 proposed to be furnished under title I of chapter II of this
13 Act, the report shall contain a clear and detailed explanation
14 on a country-by-country basis of the force objectives toward
15 the support of which such aid is proposed to be furnished;
16 the method by which such force objectives were arrived at;
17 and where the force objectives differ from the actual level
18 of forces in any such country, an explanation, in detail, of
19 the reason for the difference in such level of forces.

20 (k) In section 543 (d) , which relates to saving pro-
21 visions, strike out the words between "repealed" and "shall"
22 in the first sentence and substitute "subsequent to the time
23 such funds are appropriated"; insert "or subsequent Acts"
24 after "1957" both times it appears in the second sentence;
25 and strike out the last sentence.

1 (1) Section 549, which relates to special provisions on
2 availability of funds, is repealed.

3 CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH;
4 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERA-
5 TION; AND AMENDMENTS TO OTHER LAWS

6 INTERNATIONAL COOPERATION IN HEALTH

7 SEC. 501. The Congress of the United States recognizes
8 that large areas of the world are being ravaged by diseases
9 and other health deficiencies which are causing widespread
10 suffering, debility, and death, and are seriously deterring
11 the efforts of peoples in such areas to develop their resources
12 and productive capacities and to improve their living condi-
13 tions. The Congress also recognizes that international efforts
14 are needed to assist such peoples in bringing diseases and
15 other health deficiencies under control, in preventing their
16 spread or reappearance, and in eliminating their basic causes.
17 Accordingly, the Congress affirms that it is the policy of the
18 United States to accelerate its efforts to encourage and sup-
19 port international cooperation in programs directed toward
20 the conquest of diseases and other health deficiencies.

21 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

22 SEC. 502. To enable the United States to maintain
23 membership in the Colombo Plan Council for Technical
24 Cooperation, there is hereby authorized to be appropriated
25 from time to time to the Department of State such sums as

1 may be necessary for the payment by the United States of
2 its share of the expenses of the Colombo Plan Council for
3 Technical Cooperation.

4 AMENDMENTS TO OTHER LAWS

5 SEC. 503. The Defense Base Act, as amended (42
6 U.S.C. 1651), is further amended by inserting in subsection
7 (e) of the first section, between "the approval of this
8 Act," and "and contracting officers" in the first sentence,
9 the following: "and the liability under this Act of a
10 contractor, subcontractor, or subordinate contractor engaged
11 in performance of contracts, subcontracts, or subordinate
12 contracts specified in subparagraph (5), subdivision (a) of
13 this section, and the conditions set forth therein, shall here-
14 after be applicable to the remaining terms of such contracts,
15 subcontracts, and subordinate contracts entered into prior
16 to June 30, 1958, but not completed on the date of the
17 enactment of the Mutual Security Act of 1959,".

Passed the House of Representatives June 18, 1959.

Attest:

RALPH R. ROBERTS,

Clerk.

86TH CONGRESS
1ST SESSION
H. R. 7500

AN ACT

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 22, 1959

Received; read twice and ordered to be placed on the calendar

HL R. 7E00

AM JCT

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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For actions of June 25, 1959
86th-1st, No. 106

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HIGHLIGHTS: Senate received vetoes of wheat and tobacco bills. Sen. Cooper criticized veto of tobacco bill. Senate passed bill to increase public debt limit. Sen. Morton introduced and discussed tobacco price support bill.

SENATE

1. WHEAT; TOBACCO; PRICE SUPPORTS. Received from the President veto messages on S. 1968, the wheat bill (S. Doc. 33), and S. 1901, the tobacco bill (S. Doc. 32, p. 10876)
Sen. Cooper criticized the veto of the tobacco bill and stated that he would consult with representatives of the "tobacco States in Congress" and others "before I make a decision as to the course of action we shall now take." Sen. Talmadge commended Sen. Cooper's statement. pp. 10820-21.
2. PUBLIC DEBT. Passed without amendment H. R. 7749, to increase the permanent ceiling on the public debt from \$283 billion to \$285 billion, and to increase the temporary ceiling from \$288 billion to \$295 billion (pp. 10811-13, 10878-9). The bill had been reported earlier in the day without amendment by the Finance Committee (S. Rept. 432) p. 10774. This bill will now be sent to the President.
3. AGRICULTURAL APPROPRIATION BILL, 1960. The "Daily Digest" states that conferees "continued, in executive session, to resolve the differences between the Senate- and House-passed versions of H. R. 7175, fiscal 1960 appropriations for the Department of Agriculture, and related agencies, but did not conclude their work, and will meet again tomorrow." p. D532

4. MUTUAL SECURITY. As reported by the Foreign Relations Committee, S. 1451, to extend the mutual security program, includes provisions as follows: Requires that at least \$175,000,000 (same amount as in last year's Act) of mutual security funds be used to finance the export and sale for foreign currencies of surplus agricultural commodities; authorizes \$2,300,000 (last year's appropriation was \$2,100,000) for ocean freight to move supplies donated to and by American voluntary agencies; and authorizes \$179,500,000 for technical cooperation programs.

With regard to local currencies obtained from the sale of surplus commodities under Public Law 480, the committee report states:

"The committee is becoming increasingly concerned over the problems posed, both immediately and over the long term, by U. S. accumulation of large amounts of foreign currencies.***

"The committee hopes the executive branch will continue its studies of this subject and submit specific recommendations for congressional action. In the meantime the committee takes this opportunity to record its view that rather too restricted use has been made of the authority of the President under section 104 of Public Law 480 to waive the requirement of appropriations in the case of foreign currencies used for economic development grants.***

"Inability to utilize currencies in turn inhibits further sales under Public Law 480.***

"All countries in which there are large accumulations of Public Law 480 currencies have great needs for investment in projects such as roads, schools, and health facilities. Although the emphasis of the program should continue to be on loans, the committee feels that the Presidential waiver authority should be used more liberally to make grants."

5. FOREIGN TRADE. Received from the President message transmitting the third annual report on the operation of the trade agreements program (S. Doc. 31). p. 10773
6. BUDGET. Sen. Byrd, Va., inserted a resolution from the Controllers Institute of America urging adherence to a balanced budget in 1960 and in future years of normal economic activity. p. 10774
7. FOOD FOR PEACE. Sen. Fulbright stated that the Senate Foreign Relations Committee will hold hearings on S. 1711, the food for peace bill, on July 7 and 8. p. 10777
8. FEDERAL-STATE RELATIONS. Sen. Dodd criticized H. R. 3, to establish rules of interpretation concerning the effect of acts of Congress on State laws, as passed by the House, as leading to "chaos in the field of Federal-State relationships," and stated that it is a "one-shot attempt to rewrite a century and a half of history." p. 10783
9. FOREIGN CURRENCIES. The Armed Services Committee reported an original bill S. 2280, to authorize construction at military installations, including the use of foreign currencies under Public Law 480 for foreign military housing construction (S. Rept. 434). p. 10883
- A similar bill, H. R. 5674, was made the unfinished business for consideration Mon., June 29. p. 10879

June 30, 1959

2. TEMPORARY APPROPRIATIONS. Passed under suspension of the rules H. J. Res. 439, the continuing resolution making temporary appropriations to departments and agencies pending the enactment of the remaining regular appropriation bills (pp. 11204-8). The Senate later passed this measure without amendment (p. 11157). This measure will now be sent to the President.
3. COMMERCE DEPARTMENT APPROPRIATION BILL, 1960. Received the conference report on this bill, H. R. 7349, (H. Rept. 621) (pp. 11256-7, 11259). Conferees were appointed earlier in the day (p. 11195).
4. STATE-JUSTICE APPROPRIATION BILL, 1960. Received the conference report on this bill, H. R. 7343 (H. Rept. 620). pp. 11257-8, 11259
5. PERSONNEL; HOLIDAYS. Passed as reported H. R. 5752, to grant Federal employees a legal holiday on Friday for holidays occurring on Saturday (pp. 11208-29). Rejected a motion by Rep. Johansen to recommit the bill to the Post Office and Civil Service Committee (p. 11229).
6. CONTRACTS. Received the conference report on H. R. 7086, to extend the Renegotiation Act of 1951 for 3 years, until June 30, 1962 (H. Rept. 619). pp. 11229-30, 11259
7. PATENTS. The Judiciary Committee ordered reported (but did not actually report) H. R. 4059, with amendment, to amend title 28 of the U. S. Code to protect copyrights from Government infringement, and H. R. 2739, to fix the fees payable to the Patent Office on patents. p. D549
8. LANDS. Received from Interior a proposed bill "to donate to certain Indian tribes some submarginal lands of the United States"; to Interior and Insular Affairs Committee. p. 11259
9. PRICES; INFLATION. Rep. Wolf criticized the report of the Cabinet Committee on Price Stability for Economic Growth as being "replete with cliches and slogans." pp. 11245-6
10. HOUSING LOANS. Rep. Rogers inserted the statement of the President regarding his approval of H. R. 2256, to provide additional funds for direct housing loans to veterans in rural areas. p. 11248
11. INTEREST RATES. Rep. Johnson, Colo., inserted a Library of Congress memorandum, "Rising Interest Rates and the Role of Monetary and Debt-Management Policy." pp. 11252-4

SENATE

12. COTTON. Sen. Johnston urged favorable action by the USDA on a petition submitted to the Secretary by the National Cotton Council "seeking relief for the cotton-growers of America from the growing threat of foreign cotton textile imports," and he stated that "unfair privilege" is given foreign manufacturers who "can purchase American cotton at 6 cents per pound cheaper than American manufacturers." pp. 11160-1
13. MUTUAL SECURITY. Began debate on S. 1451, the mutual security authorization bill for 1959 (pp. 1157-60, 11171-9, 11180-1). Sen. Humphrey announced his intention to propose an amendment to the bill to "correct" the situation whereby certain surplus foods, "butter, for example ... will be offered for sale abroad ... before it is made available as a gift for needy and hungry people in the United States" (pp. 11180-1).

14. FOREIGN CURRENCIES. Passed, with amendments, 39 to 3, H.R. 5674 to authorize construction at military installations, including the use of foreign currencies under Public Law 480 for foreign military housing construction. Conferees were appointed. House conferees have not yet been appointed. (pp. 11091-11120, 11121-8, 11141-52, 11155-7).

Agreed to an amendment by Sen. Stennis which he stated "provides for a broadening of Public Law 480, so far as military construction is concerned, by using the proceeds from surplus commodities. Public Law 480 now applies to schoolhouses, farm housing, and items of that nature. This amendment proposes to broaden it whenever it is feasible." (p. 11155).

15. WHEAT. Sen. Fulbright announced that hearings would be held on the International Wheat Agreement, 1959, by the Foreign Relations Committee on July 14 at 10 a.m. p. 11984

16. PRICE SUPPORTS; FORESTRY. Received from the Hawaii Legislature and Governor the following resolutions requesting Congress: (1) to enact legislation to include coffee among the basic agricultural commodities assisted and supported by programs under the AAA of 1938, and to authorize parity payments to coffee growers in Hawaii; (2) to establish and operate a Forest Research Center in Hawaii (p. 11080); (3) to amend the Internal Revenue Act of 1954, as amended, so that income from the sale of perennial crops may be prorated to the number of years required to cultivate the crops. pp. 11080-1

17. ELECTRIFICATION. Sen. Yarborough inserted a resolution of the National Rural Electric Cooperative Association opposing any attempts to weaken or destroy the preference clause (giving preference to nonprofit and rural electric systems in the use of Federal power). p. 11082

The "Daily Digest" states that the Public Works Committee "in executive session, reconsidered H. R. 3460, to amend the TVA Act so as to assist in the financing of its power programs, and tentatively approved the bill with amendments. The Committee will meet again on Thurs., July 2, to review new language contained in the bill, and the report thereon." p. D547

18. BUDGET; INFLATION. Sens. Allott and Young, N. D., inserted editorials urging a balanced budget and a curb on inflation. pp. 11128-9

19. FISCAL POLICY; ECONOMIC CONDITIONS. Sens. Proxmire, Kuchel, Clark, Symington, and Bridges debated fiscal policy, the recent Cabinet Committee study on price stability and inflation, and economic conditions. pp. 11084-5, 11086-7, 11089-91.

20. RESEARCH. Sen. Humphrey announced that hearings would be held July 9 and 16 on international medical research by the Subcommittee on Reorganization and International Organizations of the Government Operations Committee. pp. 11179-80

21. CONSERVATION CORPS. Sen. Humphrey inserted an article by the Wisconsin State AFL-CIO in support of his bill S. 812, to establish a Youth Conservation Corps. p. 11181

22. LEGISLATIVE PROGRAM. Sen. Johnson announced that the Senate would continue debate on S. 1451, the mutual security authorization bill and expressed hope that action would be concluded on it by Thurs., but, if not, the Senate would meet Fri. p. 11160

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from Iowa [Mr. HICKENLOOPER] are absent on official business of the Joint Committee on Atomic Energy. If present and voting, the Senator from Utah [Mr. BENNETT] would vote "yea."

The result was announced—yeas 89, nays 3, as follows:

YEAS—89

Aiken	Fulbright	Martin
Allott	Goldwater	Monroney
Anderson	Green	Monroe
Bartlett	Gruening	Morton
Beall	Hart	Moss
Bible	Hartke	Mundt
Bridges	Hayden	Muskie
Bush	Hennings	Neuberger
Butler	Hill	Pastore
Byrd, Va.	Holland	Prouty
Byrd, W. Va.	Hruska	Proxmire
Cannon	Humphrey	Randolph
Capehart	Jackson	Robertson
Carlson	Javits	Russell
Carroll	Johnson, Tex.	Saltonstall
Case, N.J.	Johnston, S.C.	Schoeppel
Case, S. Dak.	Keating	Scott
Chavez	Kefauver	Smathers
Church	Kennedy	Smith
Cooper	Kerr	Sparkman
Cotton	Kuchel	Stennis
Curtis	Langer	Talmadge
Dirksen	Lausche	Thurmond
Dodd	Long	Wiley
Dworshak	McCarthy	Williams, N.J.
Eastland	McClellan	Williams, Del.
Ellender	McGee	Yarborough
Engle	McNamara	Young, N. Dak.
Ervin	Magnuson	Young, Ohio
Frear	Mansfield	

NAYS—3

Clark	Douglas	Symington
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NOT VOTING—6

Bennett	Hickenlooper	Murray
Gore	Jordan	O'Mahoney

So the bill (H.R. 5674) was passed.

Mr. STENNIS. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. CASE of South Dakota. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, I am advised that the parliamentary situation is such that Senate bill 2280 should now be indefinitely postponed. I so move.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Mississippi.

The motion was agreed to.

Mr. STENNIS. Mr. President, I move that the House bill, as passed by the Senate, be printed so as to show the amendments adopted by the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, if I may at this time, I move that the Senate insist on its amendment, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. RUSSELL, Mr. STENNIS, Mr. JACKSON, Mr. SALTONSTALL, and Mr. CASE of South Dakota conferees on the part of the Senate.

Mr. STENNIS. Mr. President, I yield the floor.

TEMPORARY APPROPRIATIONS FOR FISCAL YEAR 1960

Mr. HAYDEN. Mr. President, from the Committee on Appropriations, I report favorably, without amendment, the joint resolution (H.J. Res. 439) making temporary appropriations for the fiscal year 1960, and for other purposes, and I submit a report (No. 455) thereon.

I ask unanimous consent for the present consideration of the joint resolution, which passed the House this afternoon.

The PRESIDING OFFICER. The joint resolution will be stated.

The CHIEF CLERK. A joint resolution (H.J. Res. 439) making temporary appropriations for the fiscal year 1960, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. HAYDEN. Mr. President, the joint resolution is the usual type, in order to make provision for continuing in operation the functions of the Government, for which annual appropriations for the full fiscal year 1960 have not been perfected. The joint resolution will continue these functions for the month of July, ending July 31, 1959.

The PRESIDING OFFICER. The joint resolution is open to amendment.

If there be no amendment to be proposed, the question is on the third reading and passage of the joint resolution.

The joint resolution (H.J. Res. 439) was ordered to a third reading, read the third time, and passed.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. DIRKSEN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MUTUAL SECURITY ACT OF 1959

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of order No. 405, Senate bill 1451.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Foreign Relations with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Mutual Security Act of 1959".

SEC. 2. Section 2 of the Mutual Security Act of 1954, as amended, which is a statement of policy, is amended to read as follows:

"SEC. 2. STATEMENT OF POLICY.—(a) Through programs of assistance authorized by this Act and its predecessors, the United States has helped thwart Communist intimidation in many countries of the world, helped Europe recover from the wounds of

World War II, supported defensive military preparations by nations alerted by Communist aggression, and has soundly begun to help peoples of economically underdeveloped areas to develop their resources and improve their living standards.

"(b) Programs authorized by this Act continue to serve the following principal purposes:

"(1) The Congress of the United States perceives the identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, to produce more goods and services and improve ways of living by methods which reflect popular will, and to establish responsible governments which cooperate with like-minded governments. The Congress declares it to be a primary objective and need of the United States to share these strivings by giving generously of our knowledge and substance to peoples willing to work energetically toward these ends.

"(2) The Congress of the United States recognizes that the peace of the world and the security of the United States are endangered as long as international communism and the nations it controls continue by threat of military action, use of economic pressure, internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination. The Congress declares it to be the policy of the United States to continue as long as such danger to the peace of the world and to the security of the United States persists to make available to free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

"(c) It is the sense of the Congress that inasmuch as—

"(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe;

"(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

"(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world,

those nations that have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

"(d) It is the sense of the Congress that assistance under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence. To this end, assistance shall be rendered where appropriate and feasible in such a way as to promote the emergence of political units which are economically viable, either alone or in cooperation with neighboring units."

CHAPTER I—MILITARY ASSISTANCE

Military assistance

SEC. 101. Chapter I of the Mutual Security Act of 1954, as amended, which relates to military assistance, is amended as follows:

(a) Amend section 103(a), which relates to authorization, to read as follows:

"(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1960 to carry out the purposes of this chapter not to exceed \$1,600,000,000, which shall remain available until expended: *Provided*, That of the funds made available pursuant to this section, \$1,100,000,000 shall be available only for assistance to countries party to the North Atlantic Treaty or for activities of the North Atlantic Treaty Organization in such countries. Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into direct competition for financial support with other activities and programs of the Department of Defense."

(b) Amend section 105(b), which relates to conditions applicable to military assistance, as follows:

(1) Paragraph (4) is amended to read as follows:

"(4) Military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States, or for assistance to an international military force under the control of the Organization of American States for the protection of nations against external aggression. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not be the basis for military assistance programs to American Republics. Of the funds made available pursuant to section 103(a), not more than \$65,000,000 shall be available for military assistance in American Republics during the fiscal year 1960. An additional \$31,500,000 shall be available during the fiscal year 1960 only for assistance to an international military force under the control of the Organization of American States: *Provided*, That any balance remaining from such \$31,500,000 not so used may be transferred from the military assistance account to the special assistance account (sec. 400(a)) and shall be available under the terms of that section only to promote economic development in Latin America."

(2) Add the following new paragraphs:

"(5) To the extent feasible and consistent with the other purposes of this chapter, administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development.

"(6) Military assistance to a country found by the Secretary of State to be underdeveloped shall, unless the Secretary authorizes an exception, be programed, and force goals shall be recommended, according to the principle that economic development needs shall have first call on the internal resources of such country."

CHAPTER II—ECONOMIC ASSISTANCE

Defense support

SEC. 201. Section 131(b) of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out "1959" and "\$810,000,000" and substituting "1960" and "\$835,000,000", respectively.

Development Loan Fund

SEC. 202. Title II of chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 203, which relates to capitalization, to read as follows:

"SEC. 203. CAPITALIZATION.—(a) The Secretary of the Treasury is authorized and directed to make, during the fiscal years

1960 through 1964, loans to the Fund in amounts needed to cover obligations incurred against the Fund. Except as provided in section 204(b) of this Act, the maximum amount of obligations incurred against the Fund during each of such fiscal years shall be \$1,000,000,000; and any unused portion of the maximum applicable to any period shall be added to the maximum applicable to the succeeding period.

"(b) For purposes of the loans provided for in this section, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act as now in force or as hereafter amended, and the purposes for which securities may be issued under the Second Liberty Bond Act are hereby extended to include this purpose. The President shall determine the terms and conditions of any advances or loans made to the Fund pursuant to this section."

(b) In section 204(b), which relates to fiscal provisions, after the first sentence insert: "The amount of such obligations also may not exceed the limitations specified in section 203(a) of this Act except that, to the extent that assets of the Fund other than capitalization provided pursuant to section 203(a) are available, obligations may be incurred beyond such limitations."

(c) Amend section 205, which relates to management, powers, and authorities, as follows:

(1) In subsection (b), strike out "three" in the second sentence and substitute "four".

(2) In subsection (c), strike out the last sentence.

Technical cooperation

SEC. 203. Title III of chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "\$150,000,000" and "1959" and substitute "\$179,500,000" and "1960", respectively.

(b) Amend section 306, which relates to multilateral technical cooperation and related programs, as follows:

(1) In subsection (a), which relates to contributions to the United Nations expanded program of technical assistance and related fund, strike out "\$20,000,000" and "1959" and substitute "\$30,000,000" and "1960", respectively, and strike out "and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose for each such year" and insert ", for the calendar year 1959 not to exceed 40 per centum of the total amount contributed for such purpose, and for succeeding calendar years not to exceed 39 per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year".

(2) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1959" and substitute "1960".

(c) In section 308, which relates to the International Development Advisory Board, insert "or officers" after "officer" in the first sentence and strike out "to administer this title" in that sentence.

Special assistance and other programs

SEC. 204. Title IV of chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is amended as follows:

(a) Amend section 400, which relates to special assistance, as follows:

(1) In subsection (a), which relates to authorization, strike out "1959" and "\$202,500,000" and substitute "1960" and "\$244,620,000", respectively.

(2) In subsection (c), which relates to assistance to American-sponsored schools and libraries abroad, strike out "\$10,000,000" and substitute "\$20,000,000".

(b) Insert after section 400 the following new section:

"SEC. 401. UNITED NATIONS EMERGENCY FORCE.—The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1960 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force."

(c) In section 402, which relates to earmarking of funds, strike out "1959" in the first sentence and substitute "1960".

(d) In section 403, which relates to responsibilities in Germany, strike out "1959" and "\$8,200,000" in the first sentence and substitute "1960" and "\$7,500,000", respectively.

(e) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (c), strike out "1959" and "\$1,200,000" and substitute "1960" and "\$1,100,000", respectively.

(2) In subsection (d), strike out "1959" and "\$8,600,000" and substitute "1960" and "\$5,200,000", respectively.

(f) In section 406, which relates to children's welfare, strike out "\$11,000,000" and "1959" and substitute "\$12,000,000" and "1960", respectively.

(g) In section 407, which relates to Palestine refugees in the Near East, strike out "1959" in the first sentence and substitute "1960".

(h) In section 408(c), which relates to the North Atlantic Treaty Organization, strike out "four" and substitute "five".

(i) In section 409(c), which relates to ocean freight charges, strike out "1959" and "\$2,100,000" and substitute "1960" and "\$2,300,000", respectively.

(j) Section 410, which relates to Control Act expenses, is repealed.

(k) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out "1959" and "\$33,000,000" and substitute "1960" and "\$39,500,000", respectively.

(2) In subsection (c), strike out ", not to exceed \$7,000,000 in any fiscal year,"; and insert before the period ", and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): *Provided*, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct".

(1) After section 411, insert a new section as follows:

"SEC. 412. PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUND.—Of the funds appropriated pursuant to section 103(a) for use beginning in each of the fiscal years 1960 through 1964, \$10,000,000 for each such year shall be available only as follows:

"(a) \$5,000,000 shall be available until expended only for financing studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands. Such financing may include payment for transportation, tuition, maintenance and other expenses incident to scholastic activities. The President may employ such funds to augment programs of this character authorized by section 32(b) (2) of the Surplus Property Act of 1944, as amended, and by the United States Information and Educational Exchange Act of 1948, as amended, and he may consolidate such portions of such \$5,000,000 as he may deem appropriate with

appropriations made to carry out these two Acts.

"(b) \$5,000,000 shall be available until expended only for the training of people of underdeveloped countries in skills which will contribute to economic development. Such training shall be carried out in accordance with the policies set forth in title III of chapter II, relating to technical cooperation, and such \$5,000,000 may be consolidated with appropriations made for carrying out title III of chapter II."

(m) Amend section 413(b)(4), which relates to encouragement of free enterprise and private participation, as follows:

(1) In subparagraph (A), strike out "any of the purposes of this Act" and substitute "the development of the economic resources and productive capacities of economically underdeveloped areas".

(2) In subparagraph (F), strike out "\$500,000,000" and substitute "\$1,000,000,000".

(3) In subparagraph (G), strike out "achieving any of the purposes of this Act" and substitute "furthering the development of the economic resources and productive capacities of economically underdeveloped areas".

(n) In section 419(a), which relates to atoms for peace, strike out "1959" and "\$5,500,000" in the second sentence and substitute "1960" and "\$6,500,000", respectively.

CHAPTER III—CONTINGENCY FUND

SEC. 301. Section 451(b) of the Mutual Security Act of 1954, as amended, which relates to the President's special authority and contingency fund, is amended by striking out "1959" and "\$155,000,000" in the first sentence and substituting "1960" and "\$180,000,000", respectively.

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 401. Chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is amended as follows:

(a) In section 501, which relates to transferability of funds, designate the present text as "(a)" and add the following new subsection:

"(b) In view of the rapidly increasing danger to the independence of friendly countries which is presented by the trade and assistance programs of international communism, and notwithstanding subsection (a) of this section, the President is authorized to transfer to and consolidate with funds made available for nonmilitary use under titles III and IV of chapter II up to 30 per centum of the funds made available for military use under chapter I."

(b) In section 503, which relates to termination of assistance, designate the present text as subsection "(a)" and add the following new subsection:

"(b) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance, whereby such grant assistance shall be progressively reduced and eliminated."

(c) In section 504, which relates to small businesses, add the following new subsection:

"(d) There is hereby authorized to be appropriated to the President for the fiscal year 1960 not to exceed \$2,500,000 to make available to foreign small business concerns in underdeveloped countries, or to foreign government organizations established for the purpose of helping such concerns in underdeveloped countries, on such terms and conditions as he may determine, machine tools, industrial equipment and other equipment owned by agencies of the United States Government."

(d) In section 505(b), which relates to loan assistance and sales, strike out the third sentence and substitute the following: "United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan which are in excess of the requirements as determined from time to time by the Secretary of State for purposes authorized in section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. app. 1641 (b)), may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to the Development Loan Fund, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of title II of chapter II of this Act."

(e) Amend section 523, which relates to coordination with foreign policy, as follows:

(1) In subsection (b), add the following new sentence: "The chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires."

(2) Amend subsection (c) to read as follows:

"(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby."

(f) In section 527(b), which relates to employment of personnel, strike out "sixty" and "thirty-five" in the first sentence and substitute "seventy-five" and "fifty", respectively.

(g) Amend section 537, which relates to provisions on uses of funds, as follows:

(1) In paragraph (5) of subsection (a), strike out "\$3,300" and substitute "\$3,800".

(2) In subsection (c), strike out "\$26,000,000" and substitute "\$27,750,000".

(3) Amend subsection (f) to read as follows:

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered in determining the level of aid for such country; the reason for including each such factor and an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall con-

tain a clear and detailed explanation on a country-by-country basis of the determination of the particular level of forces to be supported by the proposed request for authorization and appropriation for military assistance, the factors considered in arriving at each country determination, and where the level of forces supported by military assistance differs from the total level of forces maintained in any such country, an explanation, in detail, of the reason for the difference in such level of forces."

(h) In section 543(d), which relates to saving provisions, strike out the words between "repealed" and "shall" in the first sentence and substitute "subsequent to the time such funds are appropriated"; insert "or subsequent Acts" after "1957" both times it appears in the second sentence; and strike out the last sentence.

(i) Section 549, which relates to special provisions on availability of funds, is repealed.

(j) After section 549 add the following new sections:

"SEC. 550. INFORMATION POLICY.—The President shall, in the reports required by section 534, or in response to requests from Members of the Congress or inquiries from the public, make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States."

"SEC. 551. LIMITATION ON THE USE OF THE PRESIDENT'S SPECIAL AUTHORITY.—The authority contained in sections 403, 451, and 501 of this Act shall not be used to augment appropriations made pursuant to sections 103(b), 408, 411(b), and 411(c) or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses."

CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

International cooperation in health

SEC. 501. The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

Colombo Plan Council for Technical Cooperation

SEC. 502. To enable the United States to maintain membership in the Colombo Plan Council for Technical Cooperation, there is hereby authorized to be appropriated from time to time to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation.

CHAPTER VI—AMENDMENTS TO OTHER LAWS AND MISCELLANEOUS PROVISIONS

SEC. 601. Public Law 885, Eighty-fourth Congress (70 Stat. 890, 5 U.S.C. 170f-170t), which provides certain basic authority for the Department of State, is amended by adding at the end thereof a new section reading as follows:

"SEC. 16. (a) The Secretary of State is authorized to make grants to individuals who

are engaged in teaching any modern foreign language, in an elementary or secondary school or an institution of higher education. Such grants shall be for the purpose of enabling such individuals, during the summer period when their services as teachers are not required, to obtain in an area, region, or country in which the language they are teaching is commonly used, advanced training in such language and training in other fields needed for a full understanding of such area, region, or country. The Secretary shall consult with the Secretary of Health, Education, and Welfare with respect to the selection of individuals for grants under this section and the establishment of standards for their selection, and the Secretary of State may make arrangements for the performance by the Department of Health, Education, and Welfare of such functions under this section as may be mutually agreeable to the Secretary of State and Secretary of Health, Education, and Welfare.

"(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the Secretary of State, in carrying out the provisions of this section, may use currencies, or credits for currencies, of any foreign government (1) held or available for expenditure by the United States and not required by law or agreement with such government to be expended or used for any other purpose, or (2) made available under the provisions of subsection (c) of this section.

"(c) In order to make additional funds available for the purposes of this section the Secretary of State is authorized to enter into an executive agreement or agreements with any foreign government for the use of currencies, or credits for currencies, of such government deposited pursuant to agreements entered into under section 142(b) of the Mutual Security Act of 1954 or section 115(b) (6) of the Economic Cooperation Act of 1948, or any other Act not required by agreement with such government to be expended or used for any other purposes."

SEC. 602. Section 522 of the Foreign Service Act of 1946, as amended (60 Stat. 1009, 22 U.S.C. 922), is amended by striking out the word "and" at the end of subparagraph (1), by striking out the period at the end of subparagraph (2) and substituting a semicolon and the word "and", and by adding at the end thereof a new subparagraph (3) which shall read as follows:

"(3) extend the appointment or assignment of any Reserve officer, or continue the services of any such Reserve officer by reappointment without regard to the provisions of section 527 of this Act, for not more than five additional years if the Secretary deems it to be in the public interest to continue such officer in the Service, except that the assignment of any Reserve officer under paragraph (2) above may not be extended under the provisions of this paragraph without the consent of the head of the agency concerned."

SEC. 603. Section 1011(a) of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442), is amended by inserting before the period at the end thereof a colon and the following: "Provided, That the purpose of making informational media guarantees shall be the achievement of the foreign policy objectives of the United States, including the objective mentioned in sections 413 (b) (4) (A) and 413(b) (4) (G) of the Mutual Security Act of 1954, as amended."

SEC. 604. EXPENSES OF ANNUAL MEETING OF NORTH ATLANTIC TREATY PARLIAMENTARY CONFERENCE.—There is authorized to be appropriated the sum of \$100,000 for the purpose of defraying the expenses incident to the annual meeting of the North Atlantic Treaty Parliamentary Conference for the year 1959, to be held in Washington, District of Columbia. Funds appropriated pursuant to

this authorization shall be disbursed on vouchers jointly approved by the chairman of the Senate and House delegations to the Conference, and such approval shall be final and conclusive upon the accounting officers in the auditing of accounts incident to the annual meeting.

ORDER FOR ADJOURNMENT TO 10:30 A.M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in adjournment until 10:30 o'clock a.m. tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEATH OF DAVE EPPS, STATE CHAIRMAN OF DEMOCRATIC PARTY IN OREGON

Mr. MORSE. Mr. President, the State Democratic chairman of Oregon, Dave Epps, known to many of my colleagues, died of a heart attack this morning. His death comes as a great shock to Mrs. Morse and me, because Dave Epps was one of my former students and a true friend of many years.

All of us in Oregon have suffered a great loss in the riches of human values that made Dave Epps admired and respected by all who knew him. His fine work as State chairman of the Democratic Party of Oregon will long be remembered by Democrats not only in Oregon, but throughout the Nation.

To his loved ones, Mrs. Morse and I send our deepest sympathy.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to ask all Senators who are interested in the mutual security bill to realize that the chairman of the Foreign Relations Committee [Mr. FULBRIGHT] will make the presentation on behalf of the proponents of the bill this afternoon. We shall keep the Senate in session as late this evening as any Senators may care to discuss the bill. We shall convene tomorrow at 10:30, have the morning hour, and proceed to the consideration of the bill.

I am sure Senators who have amendments have already filed them. If not, I hope they will file them and have them printed. We shall sit late tomorrow evening, and the next evening, and the next evening, until we have concluded action on the bill, because the House is awaiting action of the Senate on the authorization bill before it acts on the appropriation bill.

If we are able to conclude final action on Thursday night on the authorization bill, it is our hope to adjourn over until Monday of next week. If not, we shall continue in session through Friday evening and then go over until Monday.

Mr. DIRKSEN. Mr. President, will the majority leader yield?

Mr. JOHNSON of Texas. I yield.

Mr. DIRKSEN. If we can conclude our business, I wonder if there could

be an understanding there would be no yea-and-nay votes on Monday. We would, probably, have a call of the calendar. That procedure would lengthen the holiday period. Members of the Senate will be going home for meetings and speeches, I am sure, and it would help them rather materially.

Mr. JOHNSON of Texas. I should like to check as to what business we will have at that time. I wish to see such a plan worked out, if we have no legislation requiring yea-and-nay votes on that day. So far as I am aware, there is none with that deadline. I will try to cooperate with the Senator.

COTTON TEXTILE IMPORTS

Mr. JOHNSON of South Carolina. Mr. President, I have been advised that the National Cotton Council this morning has filed a petition under section 22 of the Agriculture Adjustment Act with the Secretary of Agriculture seeking relief for the cottongrowers of America from the growing threat of foreign cotton textile imports to this country.

I first want to say that the petition and allegations of the National Cotton Council are well taken. At the present time cottongrowers of America are faced with the threat of drastic cuts in domestic consumption of cotton due to the mounting imports of foreign textiles which are causing curtailments of our domestic textile industry.

Under the present program, foreign manufacturers can purchase American cotton at 6 cents per pound cheaper than American manufacturers. Beginning August 1 of this year, under orders from the Secretary of Agriculture, foreign industrialists will be able to buy American cotton at a rate of 8 cents per pound cheaper than American textile mills. This unfair privilege given to foreign industries coupled with the slave-level of wages foreign manufacturers enjoy makes it impossible for American-made products to compete either abroad or at home.

In late 1955, realizing the threat against the American textile industry, I appealed to Secretary of Agriculture Benson to act under section 22, as the American textile manufacturers did then, and as the National Cotton Council is doing now, and bring relief to our industries. The Secretary of Agriculture refused to act. The President refused to act, and throughout the years the Tariff Commission has refused to act.

The situation has done nothing but worsen, and the fact that the foreign price of cotton is going to drop another 2 cents within 6 weeks will aggravate the situation even more.

Exports of American products are dropping day by day while foreign imports are increasing steadily. Three years ago the textile industry was practically alone in this situation. But now nearly every industry is threatened with foreign imports.

I endorse the cotton council's petition, and I urge that the Department of Agriculture take a serious look at this petition and act favorably upon it.

White House pays off handsomely with favors to the Senators.

There are 10,000 variations of this. The lobbyists have "contacts" on Capitol Hill, and the Senators have "contacts" in the White House. The Senators provide their quid pro quo by stringing along with Presidential proposals that aren't too loathsome to their consciences—or constituents; and also by tipping the word to the lobbyists that Ike would be advised to pull in his neck because there is enough strength against him to override a veto.

Ike hates to be overridden. Private tips to lobbyists have saved him many a galling overriding.

If the preposterous PROXMIER had been hired by the White House lobbyists, he couldn't have done a more timely job for them. He tried to have them fired at a time when Ike's estimation of his congressional staff was at its lowest. In fact the President had been asking the Messrs. Gruenther, Chesney, Anderson, et al., why he was paying them a combined \$84,281 a year when they didn't have enough influence on Capitol Hill to get him a measly two votes to put over Strauss.

The lobbyists could have kissed PROXMIER for giving them the opportunity to demonstrate that they were still effective.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker had affixed his signature to the joint resolution (H.J. Res. 439) making temporary appropriations for the fiscal year 1960, and for other purposes, and it was signed by the President pro tempore.

THE MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, it is my responsibility to present to the Senate S. 1451, the Mutual Security Act of 1959.

Perhaps, after all these years, it is pertinent to observe that those who work closely with this legislation, in both the executive and legislative branches, still refer to the program as mutual security. We have no shorter, less formal term for it. I think this is because collective, or mutual, security is precisely what this extraordinary program represents. It reminds us of the kind of world we live in. It is evident that high principle and simple expediency have merged into a single urgency. For at the heart of this program is the knowledge that survival lies in the strength of many, besides ourselves.

The world is changing. It sometimes seems that the events of a mid-20th century week offer as much history as was contained in a year, or even 5 years, of life in the mid-19th century.

In Leopoldville and Djakarta, from La Paz to Conakry to Baghdad to Rangoon, we are confronted with what is being called a revolution of rising expectations. What we are seeing, I think, is the early flowering of a profound discontent with the old ways, with the old order. This is understandable. Historically, it was

inevitable, just as the future influence of such a force will inevitably be great. Clearly, we must strive to lead this discontent toward productive and compatible ends, instead of being led by it into an uncertain but dangerous future. The mutual security program is an essential means to our best ends.

This is one explanation for the legislation. There is another.

The mutual security program grew out of a morality upon which our very society is based. I think that the majority of our citizens understand the moral imperatives, the spirit behind the program. And this spirit, I think, is relied upon by Moslems, Buddhists, Hindus, Orthodox Christians, and countless others around the world who require assistance and whose faith rests on moral and humanitarian values.

Before discussing the substance of this year's proposals, I should like to say that the Committee on Foreign Relations has worked long and hard on this bill. The report on the desks of my colleagues represents 1,315 pages of testimony taken from 63 witnesses, plus uncounted hours of exhaustive discussion. I shall presume to speak for the other members by saying that the hearings and markup of this bill were an arduous but instructive experience. This is not the first bill of this kind that I have worked on, but it is one of the best. I wish all the Members of this body could somehow have shared in it. Especially those among us who harbor doubts about the wisdom and efficacy of the program.

The cumulative effect of these multiple exposures to the problems as they exist throughout the free world is impressive. And this bill, as reported from the committee, has a unique spread of political support. Although opposed by two committee members, it is supported by the great majority—by Senators from the West, the North, the South, and the East. These are Republicans and Democrats, representing both the conservative and liberal wings of each party. With this endorsement, they are discounting, or ignoring, the risk of offending that formidable body of opinion which opposes spending, especially abroad. Instead, these committee members have given S. 1451 a loud, clear affirmative vote. They did so, first, because this legislation is plainly in the national interest; second, because the committee is satisfied that the changes it made in the administration's proposals have produced a bill that is addressed not merely to the Nation's short-term requirements, but to its long-term objectives, as well.

The bill before the Senate affects a major transformation in the mutual security program. It changes the direction of the legislation, putting it into line with the recommendations made 2 years ago by the special Senate committee on the foreign aid program.

Frankly, I would have liked to effect even greater changes in the legislation than has been possible. I would have preferred to see the loan authority of the program increased even further, the grant authority reduced more substantially.

Over the years, however, the mutual security program has developed a momentum of its own, and it is most difficult to turn the program even slightly to a truer course. Members of the Senate naturally hesitate to substitute their judgment for that of the experts in the executive branch. But this year we have to a considerable degree done exactly that. We felt competent to make these independent judgments for several reasons.

First of all, the members of the committee have developed some knowledge of their own in this field. Many of us over the past 12 years have devoted no less than 4 to 6 weeks each year in day-long hearings on every aspect of this program. I would estimate that more than half of the committee members have over the past 12 years spent no less than 12 months in such hearings. Furthermore, every year or two, we are confronted by a brand new squadron of experts from the executive branch, most of whom hadn't even a remote connection with mutual security when we began struggling with these problems. I say this not in a spirit of condescension, which would be misdirected, but as a reminder that the committee's alterations in this bill were not made lightly or casually. They represent the informed judgment of men who have received a considerable education in this very inexact science, thanks to all the revolving experts who have paraded before them down through the years.

In the second place, the Senate has had the advice of a series of special studies which were undertaken 2 years ago when we created a Special Committee To Study the Foreign Aid Program. We have waited 2 years for the Executive to familiarize itself with the specific recommendations of that study and to incorporate them into its legislative proposals. The response of the executive branch has been disappointing, although the recommendations are, in many respects, still valid. The committee has incorporated many of them in S. 1451.

Finally, we have substituted our judgment for that of the Executive in some respects because as elected Members of the Congress we have, I believe, a better idea of just what kind of aid program the American people are willing to support.

Mr. President, it is not my intention to describe all of the changes we have made in this bill. Each Senator has a copy of the report which fully and clearly explains each of the amendments.

I should say that most of the amendments represented an effort by the committee to give this program flexibility and greater vigor; to make it more responsive to shifting needs, and hence more palatable to the American taxpayers. Some were major changes, some minor.

The Development Loan Fund, for example, is granted authority to borrow \$1 billion in each of the next 5 fiscal years.

Of comparable importance is an amendment offered by the junior Senator from Montana [Mr. MANSFIELD],

which, as slightly altered by the committee, directs the President to include in his recommendations for 1961 specific plans for progressively reducing and ultimately eliminating grant aid in the categories of defense support and special assistance. When this amendment is considered in connection with my proposal to give the Development Loan Fund a long-term authority, its significance becomes clearly visible. It shows that we are moving, as the report of the special committee recommended, in the direction of eliminating grant aid and putting our assistance on a self-liquidating, loan basis. And if Congress endorses the committee's proposal for a long-term loan fund in adequate amount, I anticipate that the amount to be authorized for grant assistance next year can be substantially reduced. I think it is significant that the distinguished junior Senator from Montana gave full support to my amendment to give the Development Loan Fund a 5-year life, and I gave his amendment requiring progressive reduction and elimination of grant aid my full support. Our only difference on this point in the committee was this: The Senator from Montana felt that reductions in grant aid should begin this year. It is my belief that the administration should first have the opportunity of advising and helping to prepare the countries that would be affected by so major a change in the program.

The administration requested slightly less than \$4 billion for this year's program. The committee has voted \$3,164,820,000 not counting the additional \$1 billion authority granted to the Development Loan Fund. However, since nobody expects the Fund to be able to approve loans amounting to more than one-half of this amount, if that, the total expenditure under the bill should not exceed \$3.6 billion. Some critics will say this is too much, that the budget cannot stand the strain. On this subject, I should like to mention briefly some interesting figures prepared by a distinguished group of economists who are concerned about the bill and about the worsening international position of the United States.

Their figures show that between 1941 and 1945, we increased our spending for military security from \$6 billion out of \$126 billion of gross national product, to \$90 billion out of \$214 billion. This was an increase of from 5 percent to 42 percent.

Between 1950 and 1953, our outlay on military security rose from \$14 billion out of a gross national product of \$285 billion, to \$49 billion out of \$365 billion—an increase from 5 percent to 14 percent.

We are now spending about 10 percent of our gross national product—roughly \$46 billion out of some \$460 billion—on national security. These economists, by projecting their figures, suggest that if during the next 2 years we boosted this figure back up to 14 percent we would by 1961 be able to spend about \$70 billion on defense, given a predictable climb in the gross national product to \$500 billion. I have quoted these figures only

to make the point that we can afford to spend whatever the national security requires us to spend—and usually without imposing any damaging stress on the economy.

It will be argued that we should not spend these sums when we cannot even sell our Treasury bonds. I shall place in the RECORD a letter to the editor of the Washington Post, dated June 20, from Eugene Havas, concerning the question of improving Government credit. It seems that we are quite capable of supporting country club memberships and expensive resort hotels. If we cannot support what is vital to our security, it is because, as Mr. Havas suggests, this administration lacks either the astuteness or the courage to reimpose the excess profits tax.

I ask unanimous consent that the letter be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. FULBRIGHT. Mr. President, some will suggest cutting the program in order to minimize the amounts that are wasted. Of course, there is waste in this program, as there is waste in any large and complex endeavor undertaken by man.

I do not like waste any more than anyone else. But it is a fact that waste makes news, and success does not. Waste and inefficiency in Laos or in the construction of the Senate Office Building is page 1 news. But our postwar success in the Marshall plan, which put Western Europe on its feet, is quickly forgotten.

While I do not justify waste in Laos, I think it only fair to note that our Nation has not had close links with that part of the world heretofore. Our experience in assisting Western Europe has not been readily adaptable to conditions in the Far East and south Asia. But we are learning and, despite some shameful incidents of bad administration and graft, it must not be forgotten that had it not been for our aid program, Laos would by now most likely be a Communist enclave.

Often in this Chamber we have heard the phrase "too little and too late"—usually in reference to China. I hope we will not hear it again in the context of south Asia.

Actually, the committee adopted amendments which should considerably improve the general management of the program. The Department of State, for example, is to gain a tighter control over the entire program, particularly over military assistance matters, which its ambassadors in the field are now to judge with more authority.

The military assistance program, in the language of another amendment, is to "come into direct competition for financial support with other activities and programs of the Department of Defense." The purpose of this measure is to direct the budgetmakers to treat both foreign military assistance and our domestic defense programs in the total context of national defense, thus assuring the American people that dollars

spent for foreign military assistance are as vital to our survival as dollars spent for the Strategic Air Command and other strictly U.S. military operations.

The question of military assistance has been difficult and perhaps I should touch briefly on what the committee has done to this part of the program and why. Military aid, it is felt, in some countries has served chiefly to prop up tottering but despotic regimes. In others, it has represented a heavy burden on economies that could also be generously described as tottering. In most of the countries that fall into either or both of these categories, military aid has not represented a significant contribution to the free world's defenses.

The administration requested \$1.6 billion in military aid. Of this, \$877 million was proposed as contributions to NATO countries and NATO programs. The Draper Committee has recommended increasing that figure by \$400 million. Secretary McElroy told the committee that with more funds NATO could hasten the long overdue modernization of its forces. The committee, mindful of this testimony, decided to approve the administration request for \$1.6 billion, but to raise the amount earmarked for NATO to \$1.1 billion, an increase of \$223 million. The remaining \$500 million will be ample to meet the goals which have been programmed for Korea, Taiwan, and Vietnam, while the proposals for other non-NATO countries obviously will have to be scaled down.

The administration proposed increasing military aid to Latin America this year by more than a third. The 1959 program amounted to \$67 million, and the figure in this year's request was \$96.5 million. It is no secret that the size and persistent growth of this program has been a source of special concern to the committee. It has encouraged arms races and darkened the image of the Latin Americans' great neighbor to the north. The committee decided to reduce the authorization for fiscal 1960 to \$65 million, or \$2 million below the 1959 figure. However, this amendment also provides that up to \$31.5 million—the difference between \$65 million and the \$96.5 million proposed by the administration—can be used for "assistance to an international military force under the control of the Organization of American States." Such a force, in the opinion of committee members, would represent an ideal solution to the dilemma that the competition for arms has produced in Latin America. We do not expect that such a force will be organized this year, or even next year, but by making a sizable sum of money available, we may encourage a move in this eminently sane direction.

A less ambitious but extremely useful amendment to the military assistance program would encourage the use of foreign military forces in the development of their public works, sanitation, and other such facilities. The military forces of Vietnam, Burma, and Indonesia have made considerable progress in this direction. The Army of the Philippines has even set up an Economic Development Corps. Its activities are

broader than our own Corps of Engineers and its success is such that the phrase "an army with a social conscience" has recently been applied to the Philippine forces.

There is little doubt that in the less developed countries, Communist economic penetration is the immediate and great danger. Thus, the President is given discretionary authority to transfer up to 30 percent of military assistance funds to technical cooperation and special assistance purposes.

The most far reaching—and most important—amendment adopted by the committee concerns the Development Loan Fund. The President requested \$700 million for this Fund. The committee amendment, authorizes the Fund to borrow \$1 billion from the Treasury for each of the next 5 years. The primary purpose of the amendment is to give this truly vital program continuity and the capability of functioning in a manner consonant with sound banking procedures.

In its short, year-and-one-half history, the Development Loan Fund has reviewed loan requests amounting to more than \$3 billion. This figure ignores many more requests which were screened out as utterly impractical. In committing \$765 million to 38 countries, the Fund has almost exhausted its resources. Indeed, had it not been for the \$150 million supplemental appropriation passed this year, it would be out of business. Yet the requests continue to pour in, at the rate of roughly 25 per month, or nearly one a day, and applications before the Fund now total around \$1.5 billion.

The Department of State is fully aware of the pressing needs for capital in the less advanced parts of the world. At this point, I should like to insert into the record a section of a memorandum submitted by Under Secretary Dillon entitled "The Need for External Capital in the Less Developed Countries." This report cites seven eminent advisory studies in this field. In summarizing the conclusions reached by all seven, the memorandum says:

First, they indicate that the present rates of capital flow to the less developed countries are insufficient to support any but the most minimal rates of economic growth. Second, they show that the additional capital from all external sources required to support satisfactorily higher growth rates ranges between \$2 and \$5 billion per year. Third, those who have estimated the magnitude of the U.S. Government's contribution to such an increase in capital flows have suggested a figure of between \$1 to 2 billion per year.

I ask unanimous consent that the section of the memorandum be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. HART in the chair). Without objection, it is so ordered.

(See exhibit 2.)

Mr. FULBRIGHT. Mr. President, I am not suggesting that under this amendment the Development Loan Fund would start exporting \$1 billion yearly in loans. Such is simply not the case. The needs, of course, are there. But the absorptive capacities are not. As I have

indicated, most of us feel that the maximum outlay in the first year could not exceed a half-billion dollars. What is required is the authority to loan adequate amounts as the program develops, along with the stability of a genuinely businesslike operation. Both the managers of the Development Loan Fund and the governments they deal with must be assured of stability and continuity in the program. In the long run, an efficient operation will cost the taxpayers of this country less than the current, uncertain, and fluctuating procedure.

Mr. President, I believe this fund is the most attractive and the most promising product of the mutual security program. But I also believe that by continuing the uncertainty of the annual appropriations process, we shall assure its eventual failure. I am certain of this. Our 2 years of experience with the Fund support no other conclusion.

Besides discrediting the Fund in the eyes of others, and inhibiting those who direct it, the uncertainty that derives from the appropriations procedure can cause further serious consequences. It may, for instance, force the hasty conclusion of loans near the end of the year, so that the Fund will be in a better position to ask Congress for another appropriation. It is no secret here that an agency caught at the year's end with unused funds is likely to find its next appropriation substantially cut.

The public debt transaction that the committee is proposing for the Development Loan Fund is, on its record, the soundest and most reliable method of financing certain kinds of programs, including those which lend money. Some persons disagree, and say that such a transaction is just a cunning device aimed, first at bypassing the Appropriations Committee; second, at promoting bankruptcy in the United States. The contrary, of course, is the case. The best recommendation for the public debt transaction is the fine record of the agencies and programs that have employed this kind of financing, in part or in whole, some for more than 25 years. A partial list includes the Commodity Credit Corporation, the Federal Farm Mortgage Corporation, the Federal Public Housing Authority, the Home Owners Loan Corporation—which, incidentally, returned a profit to the Government, the Reconstruction Finance Corporation—which did likewise, the Tennessee Valley Authority, the Export-Import Bank, the International Bank for Reconstruction and Development, the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the Defense Production Act, the Civil Defense Act, and Public Law 480—the Agricultural Trade and Development Assistance Act. The activities of these organizations have been useful and beneficial to the people of the United States. They have contributed to our prosperity and to our stability, with a minimum of waste and inefficiency.

Congress, by adopting this procedure, does not give the Executive a free hand. All activities carried on under public debt transactions are clearly set forth in

the annual budget, and there is nothing to inhibit Congress from making an annual review of these activities. And there are suitable sanctions which can be applied if Congress should conclude that a program needs correction.

Some of the criticism of the Development Loan Fund is tinged with the suspicion that the loans are poor risks. This, I believe, is uninformed thinking. For instance, our debtor nations have an excellent record in repaying interest and principal on mutual security loans. They have, in my opinion, added a measure of dignity and probity in the continuing story of international diplomacy.

As of December 31, 1958, foreign loans disbursed under mutual security and related legislation amount to nearly \$2½ billion. As of that date, there were no defaults or delinquencies in the payment of principal on Development Loan Fund loans or mutual security and Marshall plan program loans. Two of our least well off debtors were behind on interest payments, and we have eased the repayment schedule of another country.

Let us look at the Export-Import Bank, as well. As of December 31, 1958, it had authorized loans and credits totaling \$9,573,954,530.06. Since beginning its activities in 1934, the Bank has written off as losses less than one-twentieth of 1 percent of this total. I should like to include in the RECORD charts showing the status of loans made to European countries under the Marshall plan, mutual security, Export-Import Bank, and Treasury programs.

Mr. President, I ask unanimous consent that the charts be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. FULBRIGHT. Mr. President, it is argued the Development Loan Fund loans are repayable in soft currencies; that we cannot expect as good a repayment performance from the less developed countries as was made by the Marshall plan countries. This is all conjecture. I will say only that with help and encouragement a good many of the currencies in question need not be permanently nonconvertible. Moreover, I would remind my colleagues that the Marshall plan was created for countries all of whose currencies were also soft when the program began. The objective of the Development Loan Fund, as with the Marshall plan, is to help create the kind of economic visor that will place a poorer country on the path to a sound currency and good economic health, as has happened in the Marshall plan countries.

Furthermore, by shifting the stress from grants to loans, we are starting many of these newer countries up a parallel path to financial maturity. Quite a few of them are inexperienced in conducting transactions of this nature, but if they are to survive as independent states, they will have to gain such experience. I think there is an analogy between these new countries and the young man who is thought to have matured when his elders are confident that he has learned to manage his funds.

Mr. President, 2 years ago the Senate established a special committee to study the foreign-aid program. Its members included the chairman emeritus and ranking members of the Committee on Foreign Relations, as well as the senior Senator from Arizona [Mr. HAYDEN], the senior Senator from Georgia [Mr. RUSSELL], the senior Senator from New Hampshire [Mr. BRIDGES], and the senior Senator from Massachusetts [Mr. SALTONSTALL]. I should like to read one of the conclusions that was reached by the Senate special committee:

The committee recommends discontinuance of grants for development assistance, except insofar as technical aid may contribute to this end. It urges, further, that all funds for development assistance be centralized in the proposed development fund. The concept of this fund must not be that of a new name for grants or solely that of a new source of loans on easy terms. The concept should be such as to permit the fund to supplement the lending operations of the Export-Import Bank and the International Bank, to promote the flow of private capital abroad and to encourage the development of private enterprise within recipient countries. As already noted, there are banking and financing devices in addition to loans which might well be encompassed in this concept. It is possible, for example, to envisage the revolving fund being used for joint debentures in national and regional development banks of a quasi-public nature established by other countries. The fund should be so operated as to encourage expanding participation by private enterprise in international development.

Mr. President, the Development Loan Fund, in order to be operated in so ambitious a fashion, must have a long-term authority. It should be of interest to make a comparison at this point: Lloyd's bank review recently estimated that Soviet bloc credits and grants now available to underdeveloped countries total \$1,270,000,000. Bloc credits and grants already extended amount to about \$1,970,000,000, according to this source. There is little doubt about the long-term authority of the sponsors of this program.

Mr. President, in order to live and to grow, everything must have a life cycle, whether it is a species of plant, a civilization, or an institution dedicated to the purpose of giving others a chance for life and growth. I do not know what the Development Loan Fund's life cycle should be. But it should be granted a provisional life. With continuity, the Fund's operation would resemble a parabolic arc. Its initial outlays would be relatively small, then growing as the productive and, hence, the absorptive capacities of its clients grow, but finally dropping off when these countries reach a point at which they begin to generate their own capital. This is precisely the goal we seek ultimately through the Development Loan Fund.

Mr. President, before concluding my statement, I would like to comment briefly on a letter—which I assume also went to all other Members of the Senate—from a Member of the other body showing that the mutual security program had available for expenditure in the fiscal year 1959 a grand total of \$8,766,343,107.

This figure is correct, but it is also irrelevant and meaningless.

It is irrelevant, because we are not now talking about 1959; we are talking about 1960.

It is meaningless, because the significant figure is not funds available for expenditure, but funds available for carrying on the program.

The figure of almost \$8.8 billion which was available for expenditure in fiscal 1959 is composed of almost \$3.5 billion in new appropriations and of \$5.3 billion in prior year funds. But, Mr. President, out of this \$5.3 billion in prior year funds available for expenditure in 1959, only \$105 million was available at the start of the year for obligation or commitment.

Now, Mr. President, we are approaching the start of fiscal year 1960. It is estimated that the mutual security program will begin that year with unexpended funds, exclusive of the Development Loan Fund, of \$4.1 billion. But the significant figure is unobligated funds, and these are estimated at only \$60 million. The uncommitted balance in the Development Loan Fund, incidentally, will be negligible.

I mention these figures to show that the mutual security program does not have billions of dollars lying around that it has been unable to spend. On the contrary, it is very close to the bottom of the barrel.

Mr. President, because of what seems by now to be our long history in donating goods and currency to less fortunate peoples, we tend to think that we alone perform such enlightened works. Such is not the case. The other free world countries together are contributing more than \$1 billion in economic aid. And this does not even include West Germany's commitments, which rose considerably in 1958, and include a \$2.3 billion revolving fund for export credit insurance.

It is often argued that the mutual security program has won few friends, so why go on with it? I would remind anyone who feels this way that we are not running a popularity contest. Basically, we are trying to provide alternatives to communism and to want, which on the record usually go together. The record also shows that people do not necessarily have to be pro-American in order to be profoundly anti-Communist.

We must meet what clearly have become our responsibilities—not only this year, but next year, the year after, and for many years to come. And we must avoid what a distinguished educator has called the illusion of American self-sufficiency. History reveals that on rare occasions men have tried to survive in concert rather than face subjugation alone. The Delian League, founded in 478 B.C., is an example. It collapsed—and freedom with it—when Athens, the key state in the concert, defaulted on its responsibilities as leader.

I have remarked before that there is no assurance that the United States will remain forever invincible or that the mantle of leadership which has fallen to our shoulders will continue to rest there.

Whether this Nation and our civilization will ultimately fail, regardless of communism or the threat of a nuclear war, depends on the answer we give to the question asked by the late Henry Stimson:

Can we make freedom and prosperity real in the present world? If we can—

Said Mr. Stimson—

communism is no threat. If not, with or without communism, our own civilization will ultimately fail.

How soon this Nation will fully understand the size and nature of its present mission—

Continued the former Secretary of War—

I do not dare to say. But I venture to assert that in a very large degree the future of mankind depends on the answers to this question.

Mr. President, we have the material means to meet our responsibilities. Whether we are willing to make the sacrifices necessary to assure the future of the Nation and mankind depends in large part on the wit, the audacity, the perseverance, and the courage with which we face the issues posed by the bill now before the Senate.

EXHIBIT 1

IMPROVING GOVERNMENT CREDIT

The swift rebound of the stock market after the President's message on lifting the debt and interest ceilings demonstrated again that these long expected inescapable technical measures are not enough to restore faith in the Government's credit.

When he took office in the summer of 1957, Secretary Anderson showed remarkable sensitivity to grasp the economic facts of life. He started by deploring the just-announced price increases in the steel industry, as if he knew that such an inflationary move would soon turn our booming economy into a steep recession.

It is also to the credit of Secretary Anderson that he did not follow the counsels so popular last year for a massive tax reduction, when even the head of the house of Morgan, H. C. Alexander, urged such a course, though the foreseeable deficit for fiscal 1959 was in excess of \$10 billion.

That the two directors of the Morgan house, sitting on the board of the United States Steel Corp., should have joined the management to raise prices at a time when the industry was operating at 50 percent capacity, instead of reducing them, would have seemed to the elder Morgan a strange economic philosophy. Like the elder Ford he believed in a profit and loss economy where business paid for its own mistakes.

Unfortunately in our days free market apologist business leaders turn to the Government for intervention whenever a recession hits the booming economy, to cure its own excesses. But when the bills come in to finance the deficit, they desert the Treasury.

This is clear from the statistical data Secretary Anderson presented to the Ways and Means Committee. It shows that the Treasury's real difficulties started after the repeal of the excess profits tax in 1954, which coincided with the reversal of the hard money policy. These measures were intended to revive business after the recession of 1953.

To further this end Secretary Humphrey and his deputy, Mr. Burgess, decided not to take advantage of the 2½ percent rate then prevailing in the bond market for the Treasury's funding operation. This was a serious mistake: It started the stock market boom

and the Treasury never again had the opportunity to lengthen the debt by converting short-term bills into long-term bonds at 2½ percent.

Astute financiers realized early in 1955, what the Fulbright investigation failed to pinpoint, that if big business can charge billions of plant expansion costs to the Government and to the consumer, the result is bound to be a booming stock market coupled with liquidation of Government bonds. The inevitable consequence of the huge profits of the heavily concentrated industries was inviting labor unions to share in the pie at the consumer's expense.

Now, when the economy is again approaching boom proportions, is the time to tax the excess profits of 1959, before the steel power elite will distribute the gains of increased productivity in higher wages and dividends, ignoring again that these profits have accrued from the sacrifices made by the Treasury, repealing the excess profit tax and granting special tax relief for accelerated depreciation running into billions of dollars in the last 6 years.

Another example of disregarding the rules of the free market economy is to be found in the rumors that some of our more forward-looking steel executives wanted to cut prices by \$5 per ton in order to meet the price cut of the British Steel Board and to forestall another wage increase.

The plan has not succeeded so far because some of the steel companies felt that it would be unfair to their customers who accumulated steel supplies in anticipation of a strike. In a free economy business must be prepared to take risks; and to pay a small premium for adequate supply is a small price when a strike is in prospect.

The steel industry has a unique opportunity to reverse the now prevailing inflationary expectations of the public by announcing a substantial cut in the price of steel. This would lay the foundation of a better balanced economy for future growth and for the restoration of the badly shaken credit of the Government.

EUGENE HAVAS.

WASHINGTON.

EXHIBIT 2

B. THE NEED FOR EXTERNAL CAPITAL IN THE LESS DEVELOPED COUNTRIES

A number of organizations and individuals outside the U.S. Government have over the past 2 or 3 years, estimated the amounts of external capital which the less-developed countries require and can effectively use in attaining satisfactory rates of growth. While the estimating techniques have varied, the various studies show certain elements of agreement.

First, they indicate that the present rates of capital flow to the less-developed countries are insufficient to support any but the most minimal rates of economic growth. Second, they show that the additional capital from all external sources required to support satisfactorily higher growth rates ranges

between \$2 to \$5 billion per year. Third, those who have estimated the magnitude of the U.S. Government's contribution to such an increase in capital flows have suggested a figure of between \$1 and \$2 billion per year.

The estimates referred to above are as follows:

1. The Economic Commission for Europe (ECE) in "Economic Survey of Europe in 1957," prepared by the Research and Planning Division: In connection with a study of actual and projected trade patterns between the industrialized and primary producing countries of the world, the report concluded that the primary producing countries could not finance from prospective foreign trade earnings the capital imports required for an adequate rate of growth. The report concluded that the additional flow of capital from the more- to the less-developed countries required to enable the latter to approach the growth rate of the former would probably not exceed \$5 billion annually, or 1 percent of the national income of the industrial countries combined. The report concluded that this gap could not be expected to be met to any large extent in the future through the export of private capital."

2. The Committee for Economic Development (CED): In an assessment of economic aid programs issued in the form of a policy report entitled "Economic Development Assistance" in April 1957, the CED suggested that an outlay of \$1 billion per year for the next 5 years in addition to current U.S. economic assistance program would be a "desirable and necessary investment." This group of American businessmen envisaged that the U.S. outlay would be considerably less in the first years of an enlarged program. They concluded with the statement that "such an additional outlay for development assistance would deserve priority over many items contained in or proposed for the budget."

3. Paul G. Hoffman, Managing Director of the United Nations Special Fund, in an address before the 17th Congress of the International Chamber of Commerce, Washington, D.C., April 20, 1959: In this and other speeches, Mr. Hoffman has reported that the less developed countries can absorb and effectively use some \$30 billion of goods and services from abroad for capital formation in the next decade, or an average of \$3 billion from all sources per year. He points out that although \$30 billion can be used over the next decade, the annual rate of absorption will grow with the years. He suggests that funds in this amount would facilitate an increase in the rates of growth in per capita incomes from 1 percent to roughly 2 percent annually.

4. MIT study for the Senate Special Committee To Study the Foreign Aid Program, January 1957: The MIT study estimated that the underdeveloped countries require and could absorb between \$2.5 and \$3.5 billion of additional funds from all sources (p. 2). They made no estimate of the amount which

would be required from U.S. sources but it can be inferred that this would be of the order of \$1 billion to \$2 billion per year above the level of U.S. economic assistance prior to the establishment of the Development Loan Fund.

5. The University of Chicago study for the Senate Special Committee To Study the Foreign Aid Program, March 1957: The University of Chicago study estimated that economic aid to Asia, the Near East and Africa from all public sources should be a minimum of \$2 billion per year at the outset and might eventually rise to a minimum of \$5 billion per year before beginning to decline.

6. "A Proposal-Key to an Effective Foreign Policy," by Max F. Millikan and Walter W. Rostow: The Millikan-Rostow book estimates that over the next 5 years a maximum annual figure of \$3.5 billion, from all foreign sources, is required by the underdeveloped areas for successful economic growth. Out of this total, it is estimated that the U.S. share would come to a maximum of \$2 billion per year.

Because of the problem involved in using so large a volume of foreign capital, Millikan and Rostow go on to estimate that actual demands for U.S. aid will more probably run at about \$1.2 billion a year, "if sound criteria for efficient use were applied."

7. National Planning Association (NPA), "A New Approach to Foreign Economic Assistance," April 1957: The NPA statement concluded that the optimum level of aid which could be extended to underdeveloped countries "now substantially exceeds that amount of U.S. aid funds currently available. Hence to insure their maximum effectiveness, the size of our economic aid program should be increased." The NPA committee went on to suggest that a foreign aid corporation should be established with an original capital fund not less than \$1 billion and additional capital obtained as required.

8. Executive branch views: The executive branch has confined its estimates on external capital requirements of less-developed countries to evaluations of individual investment activities of country programs comprised of specific activities. This has been done because a nation's ability to use capital effectively is governed by a variety of tangible and intangible and measurable and nonmeasurable factors.

Capital formation estimates are influenced by a whole range of political, economic, and social forces such as skill of the native population, cultural habits, social formation, and political revolution. They are affected by supplies of raw materials, fluctuations and commodity pricing, changes in patterns of trade, financial, and fiscal measures, etc.

For these reasons, the executive branch prefers making funding decisions with regard to particular countries on much the same basis as that employed by the International Bank for Reconstruction and Development. This is done through a detailed examination of specific development projects and programs.

EXHIBIT 3

Status of dollar repayment loans to European countries (Marshall Plan and Mutual Security Program—Eximbank—and Treasury) as of Dec. 31, 1958

Country		Loans authorized	Loan disbursements	Repayments of interest and principal
Austria.....	Eximbank loan.....	\$58,002,000.00	\$29,659,000.00	\$24,363,000.00
Belgium.....	Public Law 472.....	68,000,478.55	68,000,478.55	16,394,342.32
	Eximbank loan.....	138,800,000.00	138,800,000.00	115,042,000.00
	Total.....	206,800,478.55	206,800,478.55	131,436,342.32
Denmark.....	Public Law 472; Public Law 165.....	33,300,000.00	33,300,000.00	5,998,191.76
	Eximbank loan.....	20,103,000.00	20,059,000.00	14,761,000.00
	Total.....	53,403,000.00	53,359,000.00	20,759,191.76

EXHIBIT 3—Continued

Status of dollar repayment loans to European countries (Marshall Plan and Mutual Security Program—Eximbank—and Treasury)
as of Dec. 31, 1958—Continued

Country		Loans authorized	Loan disbursements	Repayments of interest and principal
Finland	Eximbank loan	\$128,504,000.00	\$127,537,000.00	\$93,623,000.00
France	Public Law 472; Public Law 165	225,600,000.00	225,600,000.00	38,523,388.94
	Eximbank loan	1,541,026,000.00	1,492,602,000.00	999,075,000.00
	Total	1,766,626,000.00	1,718,202,000.00	1,037,598,388.94
Germany	Public Law 165	16,900,000.00	16,900,000.00	1,056,828.76
	Eximbank loan	74,150,000.00	67,730,000.00	65,145,000.00
	Total	91,050,000.00	84,630,000.00	66,201,828.76
Iceland	Public Law 742; Public Law 165; et seq.	10,300,000.00	8,463,537.28	1,209,693.31
	Eximbank loan	772,000.00	590,000.00	623,000.00
	Total	11,072,000.00	9,053,537.28	1,832,693.31
Ireland	Public Law 472	128,200,000.00	128,200,000.00	22,761,216.29
Italy	Public Law 472; Public Law 165	95,600,000.00	95,600,000.00	17,081,825.49
	Eximbank loan	224,362,000.00	179,622,000.00	164,150,000.00
	Total	319,962,000.00	275,222,000.00	181,231,825.49
Netherlands	Public Law 472; Public Law 165	149,500,000.00	149,500,000.00	27,370,929.78
	Eximbank loan	205,284,000.00	205,284,000.00	193,073,000.00
	Total	354,784,000.00	354,784,000.00	220,443,929.78
Norway	Public Law 472; Public Law 165	39,200,000.00	39,200,000.00	10,432,095.54
	Eximbank loan	50,452,000.00	50,452,000.00	37,802,000.00
	Total	89,652,000.00	89,652,000.00	48,234,095.54
Portugal	Public Law 472	36,051,000.00	36,051,000.00	8,444,905.58
	Eximbank loan	3,202,000.00	3,202,000.00	3,512,000.00
	Total	39,253,000.00	39,253,000.00	11,956,905.58
Spain	Public Law 759	62,498,484.02	62,130,116.05	17,011,424.57
	Eximbank loan	86,749,000.00	54,755,000.00	42,072,000.00
	Total	149,247,484.02	116,885,116.05	59,083,424.57
Sweden	Public Law 472	20,400,000.00	20,400,000.00	5,438,470.89
	Eximbank loan	6,266,000.00	6,266,000.00	6,446,000.00
	Total	26,666,000.00	26,666,000.00	11,884,470.89
United Kingdom	Public Law 472; Public Law 165	384,800,000.00	384,800,000.00	62,713,540.24
	Eximbank loan	502,200,000.00	250,000,000.00	11,565,000.00
	Treasury Loan (as of June 30, 1958)	3,750,000,000.00	3,750,000,000.00	279,700,000.00
	Total	4,637,000,000.00	4,384,800,000.00	353,978,540.24
European Coal and Steel Community	Public Law 118	100,000,000.00	100,000,000.00	15,252,986.53
Turkey	Public Law 472; Public Law 165	73,806,686.10	73,806,686.10	6,460,435.94
Poland	Public Law 165; et seq.	55,000,000.00	37,415,184.78	759,924.26
	Eximbank loan	43,548,000.00	43,548,000.00	28,080,000.00
	Total	98,548,000.00	80,963,184.78	28,839,924.26
	Grand total	8,332,576,648.67	7,899,473,002.76	2,335,942,200.20

International Cooperation Administration—Status of Marshall plan country loans executed under authority of Public Law 472, 80th Cong., as amended as of Dec. 31, 1958

Country	Date of loan agreement	Initial amortization due date	Loan No.	Loan disbursements	Collections			Balance of principal outstanding
					Interest	Principal repayments	Total	
Belgium	Nov. 2, 1948	June 30, 1956	ECAX 32-1	\$47,900,000.00	\$7,707,825.34	\$2,580,000.00	\$10,287,825.34	\$45,320,000.00
	Nov. 7, 1948	do	ECAX 32-2	3,000,000.00	482,684.85	163,500.00	646,184.85	2,836,500.00
	June 29, 1950	Dec. 31, 1952	ECAX 32-3	1,606,607.50	206,932.20	722,312.50	929,244.70	884,295.00
	June 18, 1951	Dec. 31, 1956	ECAX 32-4	15,493,871.05	3,090,830.43	1,440,257.00	4,531,087.43	14,053,614.05
			Total	68,000,478.55	11,488,272.82	4,906,069.50	16,394,342.32	63,094,409.05
Denmark	Oct. 27, 1948	June 30, 1956	ECAX 36-1 and 2	31,000,000.00	5,014,362.99	840,000.00	5,854,362.99	30,160,000.00
France	do	do	ECAX 38-1 and 2	172,000,000.00	27,779,657.53	6,000,000.00	33,779,657.53	166,000,000.00
	Nov. 7, 1950	do	ECAX 38-3	10,400,000.00	1,679,707.96	362,544.00	2,042,251.96	10,037,456.00
			Total	182,400,000.00	29,459,365.49	6,362,544.00	35,821,909.49	176,037,456.00
Iceland	Nov. 14, 1950	do	ECAX 43-1 and 2	2,300,000.00	366,281.27	246,426.00	612,707.27	2,053,574.00
	July 14, 1950	do	ECAX 43-3	2,000,000.00	318,451.79	216,000.00	534,451.79	1,784,000.00
			Total	4,300,000.00	684,733.06	462,426.00	1,147,159.06	3,837,574.00
Indonesia	Nov. 22, 1949	do	ECAX 87-1 and 2	17,200,000.00	2,707,623.29	2,850,000.00	5,557,623.29	14,350,000.00
Ireland	Nov. 2, 1949	do	ECAX 44-1 and 2	86,300,000.00	13,982,570.60	1,335,633.70	15,318,204.30	84,964,366.30
	June 30, 1950	do	ECAX 44-3	41,900,000.00	6,793,011.99	650,000.00	7,443,011.99	41,250,000.00
			Total	128,200,000.00	20,775,582.59	1,985,633.70	22,761,216.29	126,214,366.30

Footnotes at end of tables.

International Cooperation Administration—Status of Marshall plan country loans executed under authority of Public Law 472, 80th Cong., as amended as of Dec. 31, 1958—Continued

Country	Date of loan agreement	Initial amortization due date	Loan No.	Loan disbursements	Collections			Balance of principal outstanding
					Interest	Principal repayments	Total	
Italy.....	Mar. 7, 1949 Sept. 13, 1950	June 30, 1956 do.....	ECAX 45-1 and 2.	\$67,000,000.00	\$10,781,575.35	\$3,600,000.00	\$14,381,575.35	\$63,400,000.00
			ECAX 45-3.	6,000,000.00	965,544.17	321,432.00	1,286,976.17	5,678,568.00
			Total.....	73,000,000.00	11,747,119.52	3,921,432.00	15,668,551.52	69,078,568.00
Netherlands.....	Feb. 1, 1949 Feb. 16, 1950	do..... do.....	ECAX 47-1 and 2.	129,500,000.00	20,940,697.27	4,640,000.00	25,580,697.27	124,860,000.00
			ECAX 47-3.	4,000,000.00	646,828.56	142,855.00	789,684.56	3,857,144.00
			Total.....	133,500,000.00	21,587,525.83	4,782,855.00	26,370,381.83	128,717,144.00
Norway.....	Oct. 29, 1948	do.....	ECAX 48-1.	35,000,000.00	5,573,587.33	3,750,000.00	9,323,587.33	31,250,000.00
Portugal.....	May 15, 1950 Dec. 28, 1951	do..... do.....	ECAX 50-1.	27,500,000.00	4,403,468.36	2,117,378.15	6,520,846.51	25,382,621.85
			ECAX 50-2.	8,551,000.00	1,265,569.98	658,389.09	1,924,059.07	7,892,610.91
			Total.....	36,051,000.00	5,669,138.34	2,775,767.24	8,444,905.58	33,275,232.76
Sweden.....	Dec. 29, 1949	do.....	ECAX 53-1.	20,400,000.00	3,248,470.89	2,190,000.00	5,438,470.89	18,210,000.00
Turkey.....	Nov. 1, 1948 Mar. 23, 1949 Oct. 17, 1949	do..... do..... do.....	ECAX 77-1.	30,000,000.00	3,326,301.37	-----	3,326,301.37	38,000,000.00
			ECAX 77-2.	8,000,000.00				
			ECAX 77-3.	35,806,686.10	3,134,134.57	-----	3,134,134.57	35,806,686.10
			Total.....	73,806,686.10	6,460,435.94	-----	6,460,435.94	73,806,686.10
United Kingdom.....	Mar. 29, 1950 Sept. 20, 1950	do..... do.....	ECAX 57-1 and 2.	322,700,000.00	52,360,559.18	4,840,500.00	57,201,059.18	317,859,500.00
			ECAX 57-3.	14,200,000.00	2,304,060.65	213,000.00	2,517,060.65	13,987,000.00
			Total.....	336,900,000.00	54,664,649.83	5,053,500.00	59,718,149.83	331,846,500.00
			Total loans, Public Law 472, as amended..	1,139,758,164.65	179,080,867.92	39,880,228.44	218,961,096.36	1,099,877,936.21

¹ Turkey has been in default on the payments of interest and principal since June 30, 1956.

NOTES.—Country loans totaling \$1,139,758,164.65 were disbursed, and were funded to the extent \$1,121,989,664.72 from public debt authority and the balance of \$17,768,499.93 from ECA appropriations. Grace periods for interest expired on June

30, 1952, and for principal on June 30, 1956. The loans carry an interest rate of 2½ percent per annum, payable semiannually. Payments on account of principal commenced June 30, 1956, and are payable semiannually on June 30 and Dec. 31 through Dec. 31, 1983. The loans call for repayments in U.S. dollars.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the distinguished Senator from Alabama.

Mr. SPARKMAN. I wish to commend the able chairman of our committee for the very fine presentation of the bill which is now before the Senate.

I wish to ask him a question. Does not the chairman feel that the Foreign Relations Committee this year, in its study of the program, gave it probably the most thorough going over of any similar program which has been before the committee?

Mr. FULBRIGHT. I believe that is correct. The hearings were not only more extensive in time and effort, but, due to the fact that many Members had participated in the study of this program 2 years ago, I think the study was more informed and more discriminating. I think this is the best job the committee has ever done.

Mr. SPARKMAN. I myself feel that way. That was my own reaction. I thought the hearings were more thorough and that the individual members of the committee went into the different programs and the different items more carefully than ever before. As the chairman of the committee has stated, this is not something new. There has been a continuing study over the years.

By the way, with reference to the loan fund, the change in that program is not new this year, is it?

Mr. FULBRIGHT. No. The Senator will recall that 2 years ago the administration itself proposed and endorsed a program for \$2 billion over a 3-year period, I believe

Mr. SPARKMAN. That was after the committee had made a study and had reported and had made definite recommendations. The administration then proposed a long-term loan program.

Mr. FULBRIGHT. That is correct.

Mr. SPARKMAN. Is it not true that the committee has been urging this matter now for at least 3 years?

Mr. FULBRIGHT. The Senator is quite correct. I dare to suggest that the State Department favors this approach. I think the President in his statement in two or three press conferences, indicated his approval of the principle of the loan development fund. It is true that the administration proposed a different method this year. I think it was influenced in this respect by the Treasury. It appears that the current and, I hope, temporary dislocation of the Government bond market, persuaded the administration to recommend the other method.

Mr. SPARKMAN. Does not the Senator feel that in the long run this is a much sounder program than we have had in the past?

Mr. FULBRIGHT. I am convinced that the long-term method of financing the loan fund will save the American people money. It will result in a sounder and a more efficient administration. It will be much more effective in its results. The most inefficient and wasteful use of the American taxpayers' dollars has resulted from a program which has been administered on a hand-to-mouth basis, which cannot be administered efficiently, which results, as I indicated, in a drive to make loans at the end of the fiscal year in order to be in a position to ask for additional funds. This criticism is

applicable not only to this program, but to all programs whose activities are often speeded up at the end of the year in order that the agencies concerned may be in a position to ask for further funds.

Mr. SPARKMAN. It is the difference between a hurry-up program, working on an annual basis, and one that is well planned, in which we can look forward to a span of years in which to accomplish the purpose.

Mr. FULBRIGHT. The Senator is correct. I think the fact that there were annual appropriations prevented the development of basic projects which would advance the solution of the most serious economic problems in other countries. That shortcoming tended to make the programs superficial. Because it was short term and because the recipient countries could not rely on the continuity of the program, they tended to make superficial requests. Projects having to do with communications, railroads, docks, irrigation—the types of projects which really involve basic growth—were shoved aside, because they were of a long-term nature. So in those countries there was a tendency to undertake superficial programs which could be easily financed, but which really did not make a great contribution to the nation's economic development.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. I join the distinguished Senator from Alabama in commending and complimenting the chairman of the Foreign Relations Committee for the statement he has just made. I think Senators know that, as chairman of the committee, he has been under-

standing, he has been tolerant, he has given all of us a chance to express our various points of view—and they have been many—and he has shown great knowledge and interest in this particular program.

The chairman of the committee would be the first to admit, of course, that there are still differences between us, as members of the committee, as to how far we should go in maintaining international cooperation at the present time, in its present capacity, and in the amount of money allocated under the bill for the operation of the ICA this year.

It is my belief, counting the \$1 billion fund for the first year of the 5-year plan for the Development Loan Fund, that we are appropriating a little bit too much money this year, and I made my position known to the committee in that respect. But I think in all fairness it should be said, as the Senator from Alabama and the chairman of the committee have both pointed out, the future of a program of this kind lies in the development of an institution such as the Development Loan Fund, which was advocated by the committee 3 years ago—unanimously, I believe—and which was advocated by the administration 2 years ago, and which is now being advocated on a long-term basis, in line with the administration wishes, for a 5-year period.

I am distressed and disturbed, Mr. President, to find the minority leader, the Senator from Illinois, saying this morning, upon emerging from a meeting with the President, that the administration is opposed to this type of financing, which it advocated 2 years ago, and was only going to stand for \$700 million for the Development Loan Fund this year. I think that is a mistaken position. I think too much emphasis is being put on the idea of a balanced budget, because in the long run the result of the emphasis on the year-by-year appropriation for the Development Loan Fund will be much greater cost and much less production of results.

I want the RECORD to show, Mr. President, that in my opinion the distinguished Senator from Arkansas has performed a real service in the consideration of this bill this year. The Senator has brought to it many good reforms long overdue, and on his own initiative the Senator has tried to bring about a separation between the economic and military aspects of the program, to the end that military aid as such would be placed in the Department of Defense. I supported the distinguished chairman in his attempt to bring about this separation, which I think is long overdue. We were unsuccessful.

I think by and large we have reported a good bill to the Senate, a bill which can still stand something in the way of amendments but a bill which is a decided improvement, thanks to the personal interest shown by the distinguished chairman and by the members of the committee, the great amount of study, and the very careful consideration given to the bill this year.

Again I wish to express my thanks to the Senator from Arkansas for his outstanding work as chairman of the committee, and to commend him for his understanding, his knowledge, and his ability in this respect.

Mr. FULBRIGHT. Mr. President, I thank the Senator for his kind words. I also thank the Senator from Alabama.

I wish to say that the Senator from Montana and the Senator from Alabama were extremely helpful. They were present throughout the consideration of this measure. Their contributions not only in stimulating discussion but in proposing worthwhile amendments were very great indeed.

I think the committee members, generally speaking, worked together in an atmosphere of great harmony this year. There were very few serious differences. I grant that there are still differences, but I do not think they go to the essential nature of the bill. They really pertain to relatively minor aspects. Some aspects are not so superficial, of course.

For example, there is the matter of timing. I think one of the main differences between the Senator from Montana and myself with regard to the elimination of the grant aid is one of timing. The question is whether we can stop this aid suddenly, without giving either the administration or the foreign countries concerned a period in which to adjust, or whether we should give notice and move toward the same objective more gradually. That is not a really serious difference.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I am glad to yield.

Mr. MORSE. Mr. President, I join with the Senator from Alabama and the Senator from Montana in commending our chairman for the leadership he has extended to the Foreign Relations Committee. It has been a great pleasure to serve under the chairmanship of the Senator from Arkansas, as we have considered this very complex piece of major proposed legislation, and as we have considered other proposed legislation.

The Senator from Arkansas has always respected the rights and prerogatives of each member of the committee, even though he might find himself in opposition to an individual Senator on some specific issue before the committee. I desire to say that the Senator's leadership in respect to the development loan fund, I think, represents a great contribution to the improvement of our mutual security bill.

In the Senator's speech tonight he referred to the fact that a very detailed study was made on behalf of the Foreign Relations Committee and, through it, on behalf of the Senate, more than 2 years ago, by various recognized research groups, such as the University of Chicago, the Massachusetts Institute of Technology, Columbia University, Brookings Institution and others, at a cost to the taxpayers of the United States of some \$250,000. These institutions came forward with a series of recommendations which all of us on the Foreign Relations Committee supported

in a unanimous report which we made to the Senate.

What the Senator from Arkansas has done, particularly in respect to the development loan fund, has been to give support to one of the recommendations of that study. I think it is one of the most important contributions in the whole field of foreign aid made in recent years. As one member of the committee, I want to thank the Senator from Arkansas for his leadership and statesmanship in regard to it. I was such an ardent advocate of it in the committee that it turned out to be my privilege to make the motion which resulted in the compromise figure which was agreed to by the committee.

The Senator from Arkansas first proposed \$1½ billion for 5 years. It seemed to me that the time period was more important than the amount and that we could add a different amount later if we decided more money was needed. It seemed to me what was important was to get a period of 5 years approved by the committee and, we hope, by the Congress, so that we can have some continuity with respect to the program.

In fact, it took the study of authorities on this subject to change the opinion of the Senator from Oregon with regard to the desirability of a long-term development loan fund. I believe, however, in following where the facts lead, and after I studied the reports of the experts I could not, in my judgment, logically hold to the position I had previously held of requiring annual approval of the loan. I was privileged in the committee this year to move that we reduce the amount to a billion dollars but retain the period of 5 years. That was agreed to. I think it is the greatest contribution made by the Foreign Relations Committee in connection with this bill this year, and it was made because of the leadership and the statesmanship of the Senator from Arkansas.

Tomorrow I shall present the minority point of view in regard to the bill, but in presenting the minority point of view, as I shall develop tomorrow, I do not mean to imply that we are at loggerheads in the Foreign Relations Committee on a great many items in the bill. To the contrary, I think we find ourselves as a committee in agreement on a substantial majority of the individual points involved in the bill.

However, there did develop differences among us, as I shall point out tomorrow, which caused me, at least, to decide I could not support the bill in its present form. Another colleague joined me. Two other colleagues voted "present" rather than voting for the bill pro or con.

It also should be pointed out that other colleagues have a considerable number of reservations as to certain parts of the bill. I think that is good, Mr. President. I think it is good to bring to the floor of the Senate the differences in points of view, amplified as we have amplified them in the majority report and the minority views, in the hope that we can iron out our differences on the floor of the Senate and thereby improve the bill.

I am sure my friend the Senator from Arkansas knows this and does not have to be told, but I think the Senate ought to be told the fact that there will develop, in the course of the debate, differences among the members of the Foreign Relations Committee in regard to certain items in the bill. These represent in no measure whatsoever any disrespect for our chairman, any personal differences with our chairman, or any lack of high esteem for the leadership of the chairman of the Committee on Foreign Relations. To the contrary, these differences are honest differences of opinion within the committee as to how we can have the best possible mutual security program for the United States.

Mr. FULBRIGHT. I thank the Senator from Oregon for his remarks about my role with respect to the bill. The Senator certainly was most assiduous in his attendance at the committee and contributed a great deal to the discussions. I know the Senator will also contribute a great deal to the debate on the floor.

I certainly join the Senator in approving of members developing the different points of view. I have no illusions about the infallibility of my own ideas.

I think we have the basis for a good bill. If this bill has done nothing else, it has turned the direction of the mutual security program a little bit away from emphasis upon the military towards the economic. At the same time, it does not actually hurt the military effort. My hope is that one of these days we can separate the military assistance program from this legislation and deal only with the nonmilitary aspects.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, as a Member of the Senate and of the committee, I would be remiss if I did not take this opportunity to express my appreciation for having had the privilege of serving under the chairmanship of the distinguished Senator from Arkansas [Mr. FULBRIGHT]. As a new member of the Committee on Foreign Relations, I want to express my appreciation to the Senator for his forbearance because of my limited knowledge of foreign affairs and foreign relations. It has been a pleasure to serve with the Senator. I am looking forward to continued service.

I, too, am greatly pleased with the bill which has been reported. I did not support all of its provisions but after listening to days and days of debate I have become convinced that we should begin to shift from a grant program to a loan program. I think this is in the interest of our own Nation, and I am convinced it is in the interest of nations we are trying to assist. I think it is the proper and the sensible answer to a problem which is going to confront this Nation for many years.

I supported the Senator's proposal for a 5-year program in connection with the Development Loan Fund. I do not believe this is a year-to-year program. I think we must look forward to its continuance for many years. I wish it were

not so. But the problem is a practical one which must be met, and I believe that is the solution to it.

I again state that it has been a real pleasure to serve with the chairman and the other members of the committee. As the Senator from Oregon has said, there were differences of opinion in committee, and there will be differences of opinion on the floor of the Senate as the debate continues. However, I think we gave this bill a deeper analysis and closer study than most legislation which comes before the Senate receives.

I assure the Senate and the country that the chairman of the committee spared no time and effort on his own part to study every phase of the bill. I was pleased at the way matters were handled when they came before the committee. Members of the committee were not hesitant to express their views and cast their votes; and when the votes were cast we would start on another problem.

I believe we have brought before the Senate one of the best mutual security bills to come before it since I became a Member of the Senate.

I thank the Senator from Arkansas.

Mr. FULBRIGHT. I thank the Senator from Kansas for his kind words. He need not ask for forbearance. He has made a great contribution. He may be new on the committee, but he is not new to the Halls of Congress, or to political matters. He recognizes, better than do most people, the significance and the necessity for this program.

There is one characteristic about the legislation which should be mentioned. Unlike domestic legislation, which bears directly on the interests of our citizens in every section of the country, the effects of this program are remote and not even easy to visualize. Of all the bills which come before the Congress, this one is the most difficult to explain in such a way that the results may be understood by the people whose taxes support it.

Mr. President, I yield the floor.

ANNOUNCEMENT OF HEARINGS ON INTERNATIONAL MEDICAL RESEARCH JULY 9 AND 16

Mr. HUMPHREY. Mr. President, I invite the attention of the Senate to the fact that there will be 2 days of hearings conducted by the Subcommittee on Reorganization and International Organizations of the Senate Committee on Government Operations as part of its international health study.

This study is being conducted pursuant to Senate Resolution 347, 85th Congress, and Senate Resolution 42, 86th Congress.

The hearings will be devoted to the subject of "The U.S. Government and the Future of International Medical Research—The Long-Range Trends, Opportunities, and Problems." Hearings will be conducted in room 3302, New Senate Office Building, commencing at 10 a.m., on July 9 and 16.

The Subcommittee on Reorganization and International Organizations reviews this general subject as a part of its special, as well as its longstanding jurisdiction. Medical research is conducted by

no less than seven agencies of our Federal Government. In turn, world medical assistance involves numerous international organizations of which the United States is a member. It is for good reason, therefore, that this subcommittee studies the pattern of Government effort and the future trends.

As my colleagues are aware, under rule XXV of the Standing Rules of the Senate, the Committee on Government Operations, itself, has the duty of studying the operations of Government activities at all levels with a view to determining efficiency.

Under Senate Resolution 347, the committee was specifically directed to make a full and complete study of any and all materials relating to international health, research, rehabilitation, and assistance programs.

DR. WHITE, DR. PAPANICOLAOU, OTHER WITNESSES

For purposes of these July hearings the subcommittee has selected a small number of expert witnesses, each of whom is renowned in his respective field.

On July 16, for example, the subcommittee will hear from Dr. James Shannon, Director of the National Institutes of Health.

In addition, among the witnesses who will be present are the following:

On July 9, our leadoff witness will be Dr. Paul Dudley White, past president of the American Heart Association, and world-famous authority on cardiovascular research.

We will hear as well from Dr. Edward L. Bortz, a past president of the American Medical Association and now associated with Lankenau Memorial Hospital, Philadelphia, on geriatric research.

Other witnesses during the 2 days of hearings will include Dr. George N. Papanicolaou, known as the father of exfoliative cytology, speaking on cancer research. Dr. Papanicolaou is, of course, the man who devised the great tool of diagnosis by which literally thousands of lives are saved each year, through diagnosis of cancer. This is done through sampling and analyzing cells cast off, that is, exfoliated by organs of the body itself.

Still others will include Dr. William G. Lennox, father of modern epilepsy research, speaking on this subject on which he is no doubt foremost single authority.

Dr. Clement Smith, director of research on the newborn at Boston Lying-In Hospital, associate professor of pediatrics at Harvard Medical School, commenting on perinatal morbidity.

Dr. H. J. Muller, Nobel award-winning scientist, of the University of Indiana, speaking on genetics.

Dr. George Stevenson, national and international consultant of the National Association for Mental Health and treasurer of the World Federation for Mental Health, speaking on psychiatry.

Indicative as well of our broad international interest will be the testimony of another witness, Dr. Nicholson J. Eastman, professor of obstetrics at the Johns Hopkins University. Dr. Eastman has served as Chairman of two ex-

pert committees of the World Health Organization, the Committee on Midwife Training and the Committee on Maternal Care.

There will be other witnesses as well, whose names will be announced shortly.

OUTSTANDING WORK BY SENATOR HILL'S
COMMITTEE

Let it be noted that I, for one, am deeply cognizant of the outstanding hearings previously held on certain phases of this general subject by the distinguished senior Senator from Alabama [Mr. HILL].

He has done so, not only as the chairman of the expert Committee on Labor and Public Welfare, but as chairman of the Subcommittee for the Department of Health, Education, and Welfare of the Committee on Appropriations.

Last Wednesday, the Senate soundly indicated its well-justified confidence in his and his colleagues' judgment in the overwhelming vote of confidence by which the Senate sustained his most recent Subcommittee report, providing increased funds for the National Institutes of Health.

May I say that it is my earnest hope that the Senate's position will be sustained in the Senate-House conference committee and that the more adequate Senate appropriation figure will be retained in the final version of this legislation.

My colleagues' judgment was based, as usual, on exhaustive hearings which had proved the wisdom of raising the budget for NIH programs.

The fact, as some critics point out, that the NIH budget has considerably increased over the years is not, as he well stated in rebuttal, a cause of concern. Rather, it is a cause of national pride and satisfaction. Our Nation is only now belatedly catching up with its humanitarian and scientific responsibilities.

Our Nation is at long last spending medical research money to save money, to save tax revenue which would otherwise be lost, but more important to save lives, to prevent suffering, to minimize the tragic human and social cost of premature disability and death.

In view of all this, it is not the intention of the subcommittee of which I am chairman to review those matters which have long since been well covered by my colleague from Alabama in his tireless endeavors.

Thus, questions of current appropriations are not within the jurisdiction of our subcommittee, nor are questions of substantive health legislation, such as are considered by the Senate Committee on Labor and Public Welfare.

Rather, we are concerned with the policy problems indicative in our two authorizing bills, such as I have earlier mentioned.

I issue a most cordial invitation to the public to be present at our July 9 and July 16 hearings.

COMMITTEE PRINT ON CANCER TO BE RELEASED
NEXT WEEK

Lastly, may I mention that next week the subcommittee expects to release the fifth in its series of committee prints. This will be entitled "Cancer, a World-

wide Menace." This committee print will present through charts and questions and answers an outline of the incidence of the different types of cancer throughout the world.

This print will show that, according to present rates, at birth, one male American out of every five may contract cancer in the course of a lifetime, one female out of every four.

It will show that, by 1975, there will be more than a million cases of cancer under treatment in the United States each year, according to conservation estimates, compared to the 700,000 cases now.

The print will show that 2 million individuals die throughout the world each year from cancer.

These facts, I believe, underline the importance of the great bill which my colleague from Alabama authorized, Senate Journal Resolution 41, to create a National Institute for International Medical Research.

This bill is now pending before the Subcommittee on Health and Safety of the House Committee on Interstate and Foreign Commerce.

It is hoped that the bill will be reported favorably and acted upon.

Mr. President—

The PRESIDING OFFICER. The Senator from Minnesota.

CAPTIVE NATIONS WEEK

Mr. HUMPHREY. Mr. President, it is a privilege to join with my distinguished colleagues, Senator Douglas and Senator JAVITS in their introduction of Senate Joint Resolution 111, providing for the designation of the week following the Fourth of July as Captive Nations Week. Recently I told the Polish National Alliance in Chicago that the United States and the West should issue a new charter of hope to the peoples behind the Iron Curtain. My proposal called for a declaration of intent and concern from the leadership of the West and certainly this resolution points up to a great degree the intent and concern of the people of our country.

In my charter of hope I proposed that the West will never lose the opportunity to point out to the world the monstrous hypocrisy of Soviet colonialism; the Soviet leaders who shed crocodile tears over the remnants of Western colonialism have imposed in Eastern Europe the most savage and brutal colonialism the world has ever known. As the day approaches when we stop to observe the anniversary of our independence I feel it is only fitting that we impress upon our friends behind the Iron Curtain our deep interest in their God-given right to live as freemen and to restate our hope that the day will soon dawn when they are freed from the yoke of Soviet tyranny.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. HUMPHREY. Mr. President, yesterday I submitted an amendment which

I intend to offer during the debate on the mutual security program, relating to freedom of information. This particular amendment was offered in the House, and was made a part of the House bill.

The purpose of the amendment is to lay down a mandate on the part of the Congress to the ICA that certain information which is vital to a proper understanding of the Mutual Security Act be made available. I merely mention the amendment now for purposes of the RECORD. I know that many of my colleagues are keenly interested in this subject matter.

The amendment was sponsored in the other body by a distinguished Representative from California, Mr. Moss, who has such a fine record in the field of freedom of information.

I also submitted a second amendment, relating to U.S. participation in the World Refugee Year. This will be offered as an amendment to the mutual security bill, calling for an appropriation of \$10 million to be used in furtherance of permanent refugee solutions. The World Refugee Year begins tomorrow. It will be launched by appropriate ceremonies in the city of New York, in which representatives of the Presidential Committee for the Refugee Year will participate.

The amendment which I have submitted, and which will be offered, would do much to forward active participation on the part of our Government in the solution of refugee problems.

I shall also offer certain other amendments to the mutual security bill, which amendments I have previously sent to the desk. One relates to the use of our surplus foods. A situation exists in connection with the present law which I am sure we shall wish to correct. That situation is that when surplus foods are available there is a priority for the use of such foods abroad rather than at home.

The distinguished Senator from Kentucky [Mr. COOPER] testified before the Senate Committee on Agriculture and Forestry on certain bills relating to the distribution of surplus foods for needy persons. He brought to our attention a situation which is almost incredible.

If there is surplus butter, for example, under the present rules of the Department of Agriculture the butter will be offered for sale abroad, under the terms of Public Law 480, or the soft currency purchase program, before it is made available as a gift for needy and hungry people in the United States.

I cannot believe that the Congress wishes to preserve such a situation; and I intend to offer an amendment to correct it. I have used the item of butter as an example. I realize that the Department has certain requirements to meet under the Commodity Credit Corporation charter, calling for the sale of such commodities first, and then distribution on the basis of need, at a lower priority.

But we received evidence in the Committee on Agriculture and Forestry to the effect that certain commodities were being currently denied needy people in the United States on the basis of a grant program or a gift program, while

they were being sold abroad on the basis of sales for soft currency.

I believe in international cooperation. I expect to support the magnificent mutual security bill which is before us. I think it is the best one we have ever had. I, too, wish to commend the chairman of the committee for his fine outstanding leadership. I compliment the staff of the Committee on Foreign Relations for their fine work in providing us with information which made possible some constructive work in the preparation of a mutual security bill.

With all that, let me add that I still feel that our No. 1 obligation, when it comes to humanitarian purposes, is with our own.

This is not to be selfish. It is simply to be what I think is prudent of our own needs and considerate of the needs of our own people.

Mr. President—

The PRESIDING OFFICER. The Senator from Minnesota.

ELEVATION OF MOST REVEREND BERNARD J. SHEIL, AUXILIARY BISHOP OF CHICAGO, TO RANK OF ARCHBISHOP

Mr. HUMPHREY. Mr. President, recently an article in the Chicago Daily News described the elevation to archbishop by Pope John XXIII of Chicago's Auxiliary, Bishop Bernard J. Sheil.

Archbishop Sheil has served the people of Chicago in a remarkable manner for 49 years as a priest and innovator, 31 of them as auxiliary bishop to the late Cardinals Mundelein and Stritch. He was the founder of the pace-setting Catholic Youth Organization for the Archdiocese of Chicago, and initiator of many leisure-time activities for young people.

As a personal friend, I esteem this great native son of Illinois for the humanitarian and liberal ideas he has often shared with me and other lawmakers. I join with his hundreds of friends throughout the Nation in extending best wishes on this auspicious occasion.

Mr. President, I ask unanimous consent that the article to which I have referred be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

POPE RAISES SHEIL TO ARCHBISHOP—HONORARY TITLE GOES TO SHEIL

[From the Chicago Daily News, June 17, 1959]

Pope John elevated Chicago's Bishop Bernard J. Sheil to archbishop, the Vatican announced Wednesday.

The honor bestowed on the 71-year-old Chicago-born prelate was that of titular archbishop of Selge, an ancient archdiocese in Asia Minor.

With the new title Bishop Sheil's position as auxiliary bishop to Archbishop Albert Gregory Meyer does not change. Archbishop Meyer remains the head of the Chicago archdiocese.

Archbishop Meyer, appointed September 24, 1958, is also assisted in his duties by a second archbishop, William D. O'Brien, 80, appointed November 18, 1953.

With his new title, Archbishop Sheil will not have any archdiocese to administer here, a Roman Catholic spokesman explained.

Nevertheless, the honor was considered a significant one for the pastor of St. Andrew's parish, on Chicago's northwest side, often considered a stormy petrel in church and political circles.

Bishop Sheil said he learned of the honor Tuesday from Archbishop Meyer but under the strict code of secrecy laid down by the Vatican in such matters, it was not made public until announced by the Pope.

"I am profoundly grateful to his holiness, Pope John XXIII, for the high honor he has personally conferred upon me," said Bishop Sheil in a statement Wednesday.

"My 49 years as priest, my 31 years as a bishop, have been spent in working closely with the people of Chicago.

"Always I have found them friendly, generous, and cooperative."

Bishop Sheil said he felt the honor was "one for the people of Chicago also, and to them also I wish to express my gratitude on this occasion."

Archbishop Sheil returned from a 5-day visit to Rome 2 months ago.

"I went over to see the holy father," he said. "I did not know him before."

He said he spent 40 minutes with Pope John but had no hint that the new honor would be bestowed upon him.

The archbishop was born in Chicago in 1888 and grew up on the South Side.

He was a better than average sandlot baseball player and at one time it appeared that little "Benny" Sheil might carve out a career in the big leagues.

He was ordained in 1910, after attending St. Viator's College at Bourbonnais, Ill.

He served as assistant pastor in St. Mel's parish, on Chicago's West Side then chaplain at the Great Lakes Naval Training Station in 1918-19.

Between 1919 and 1923 he served as chaplain at the county jail, assistant pastor of Holy Name Cathedral, and spiritual director of Quigley Seminary.

Since then he has served as assistant chancellor of the archdiocese, chancellor and as treasurer of the International Eucharistic Congress.

He was made an auxiliary bishop in 1928 and was the administrative right arm of Cardinal Mundelein, whom he served as vicar general between 1928 and 1939.

He is best known for his founding of the Catholic Youth Organization in 1930, which he served as director until 1954.

He has been pastor at St. Andrew's Church, 3546 North Paulina, for 23 years.

PROPOSED YOUTH CONSERVATION CORPS

Mr. HUMPHREY. Mr. President, the bill, S. 812, which I have introduced, along with 20 other Senators, to establish a Youth Conservation Corps of young men to work on planned conservation projects on our National and State public lands, is currently on the agenda of the Committee on Labor and Public Welfare and we hope for early action by the full committee.

Mr. President, indicative of the continued growth of interest and support for this legislation is the news that the Wisconsin State AFL-CIO has undertaken to support the bill officially and has brought it to the attention of its full membership.

Mr. President, I ask unanimous consent to have printed at this point in the

RECORD an article entitled "Youth Conservation Corps—State AFL-CIO Urges Support of Humphrey Plan," published in the Milwaukee Labor Press of June 25, 1959.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

YOUTH CONSERVATION CORPS—STATE AFL-CIO URGES SUPPORT OF HUMPHREY PLAN

Support for Senator HUBERT HUMPHREY's "Youth Conservation Corps" was urged by the Wisconsin State AFL-CIO's community services director, in letters sent to all Wisconsin central bodies this week.

"Organized labor has a deep and abiding interest in conservation of both human and natural resources," Wilbert Walter, the State labor group's community services head, said.

"The Humphrey Youth Conservation Corps—patterned after the old CCC camps—will do much to help save our topsoil, protect our wildlife, streams, and forests—and at the same time give 300,000 young men an opportunity to partake of rugged outdoors like away from the grime of city streets," Walter said in his letter.

APPROVAL GIVEN

The proposal has been approved by a Senate Labor Subcommittee in Washington headed by Senator JENNINGS RANDOLPH, Democrat, West Virginia, and has a good chance of passage by Congress.

Young men between the ages of 16 and 21 would work under professional conservationists, such as Forest Service rangers, in groups of 40. They would be paid \$60 monthly, with additional stipends for leadership assignments and tenure, plus room, board, medical care, and transportation.

Senator HUMPHREY, writing in Harpers magazine recently, described the dual purpose of his program:

"A giant step toward the prevention of delinquency and the improvement of physical fitness could be accomplished if the CCC were in existence today to provide not only healthful, useful outdoor work, but educational opportunities for boys and young men with too much time on their hands."

WASTE IS CITED

"The waste of human resources is matched in another field by an outrageous dissipation of our resources of soil and water. * * * Millions of acres of cut-over forest lands lie abandoned to brush, wind, fire, and insects—ugly and unproductive, at a time when the U.S. Forest Service predicts that our need for lumber and other wood products is rising beyond our expected forest yields."

The State AFL-CIO official said that "our Washington lobbyists tell us that the prospects for passage of a youth conservation corps this year or next look very good—but a bundle of letters from home will make it that much easier to get affirmative action."

CITES LOCAL NEED

"We in Wisconsin," said Walter, "have a special reason to desire a program of this kind. Many of our State parks today are a result of CCC projects 20 years ago. And many of our own active union leaders got a wholesome start in life as CCC campers."

Senator HUMPHREY, during his recent 2-day visit to Wisconsin pointed out that the Youth Conservation Corps "will cost only about one-tenth of the Republican rise in the interest rate cost," estimated to run annually now at \$2.5 billion.

The Humphrey program would provide job opportunities to 50,000 young men the first year, an additional 100,000 the second year, and 150,000 the third year.

LABOR-MANAGEMENT RELATIONS IN THE STEEL INDUSTRY

Mr. HUMPHREY. Mr. President, I wish to address the Senate with respect to a matter of great importance to our Nation, namely, labor-management relations in the steel industry.

It was most gratifying and reassuring to every American, and I am certain to every person throughout the free nations of the world, to learn that over the weekend the president of the United Steel Workers Union, Mr. David McDonald, announced that there would be no strike for at least the next 2 weeks; that every conceivable effort would be made to settle the dispute between the steel companies and the highly respected Steel Workers Union on a peaceful and objective basis.

Prior to that announcement, I had issued a statement which reads as follows:

STATEMENT BY SENATOR HUMPHREY

A steel shutdown at this time would be a serious blow to American prestige throughout the world. We are in the midst of critical international negotiations. We cannot negotiate from strength with the Soviet Union at a time when our most vital defense industry is closed down by an economic dispute.

The President has evidenced his lack of understanding of the importance of the crisis by refusing the union's request to appoint an impartial factfinding body.

By its action today, the union has demonstrated a high degree of statesmanship in accepting President Eisenhower's alternative suggestion that the present steel negotiations be continued and a shutdown postponed.

Surely with this additional time thus afforded it should be possible for the union and the companies to arrive at a fair agreement.

The facts reported by Senator KEFAUVER on the basis of testimony before the Senate Antitrust Subcommittee demonstrate that improved wage and fringe benefits are possible without increasing steel prices.

Perhaps the leaders of the steel companies will use this period of extension to join with representatives of the union in developing a reasonable solution of the present crisis.

Mr. President, I sent a copy of that statement to Mr. David J. McDonald, president of the United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh 22, Pa. I felt that Mr. McDonald was deserving of the thanks and appreciation of persons in public life, as well as of private citizens, because certainly there is a need for an amicable and just settlement of the differences between the steel companies and the steelworkers Union.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the text of a letter sent by Mr. David J. McDonald to President Eisenhower under date of June 25, 1959; the reply of President Eisenhower dated June 27, 1959; and a telegram of the same date from Mr. McDonald to President Eisenhower.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

MCDONALD LETTER

NEW YORK CITY, June 25, 1959.

DEAR MR. PRESIDENT: It is my duty to inform you that the steel negotiations are

deadlocked. From all present indications, steel furnaces will be banked this weekend and the mills shut down at 12:01 A.M., July 1, 1959. The United Steelworkers of America does not want a strike; the Nation does not want steel production shut down.

The impasse between the parties is such that the impending shutdown may well be prolonged unless a way is found to resolve the issues in dispute.

We respect your expressed position that the Federal Government should not interfere with the actual bargaining process. The final settlement should be and will be made by the parties themselves. In this situation, however, the Government, short of intervening in collective bargaining, can provide some method to help facilitate collective bargaining. You yourself indicated in your press conference on June 17, 1959, that an appropriate method might well be for the Government to bring out the relevant economic facts. The parties in this dispute are in total disagreement as to the facts. The public is understandably confused.

We respectfully suggest that you consider implementation of the intent of your June 17 statement by creating an impartial factfinding board to hear the evidence for the sole purpose of determining and bringing out all of the relevant facts in the dispute, including wages, profits and productivity in the steel industry.

On behalf of the United Steelworkers of America, I pledge you, Mr. President, that the union, on the basis of the facts determined by this impartial board, is prepared to negotiate night and day, if necessary, a noninflationary settlement which is fair both to the workers and the industry, and such that in your words the "price is not compelled to go up."

Respectfully yours,

DAVID J. MCDONALD,

President, United Steelworkers of America.

PRESIDENT'S REPLY

JUNE 27, 1959.

DEAR MR. MCDONALD: I have your June 25th letter suggesting I appoint a board to hear evidence and determine all relevant facts in the negotiations between your union and the steel industry.

As you know, Congress in the Taft-Hartley Act authorized the President, in emergencies affecting the national health or safety, to appoint boards of inquiry for fact finding in labor and management disputes. In limiting this authority to emergencies, Congress, in my opinion, acted wisely, and I do not believe it would be in the national interest for me to follow your suggestion. Congress has also provided for conciliation and mediation through the Federal Mediation and Conciliation Service, and that service stands ready at any time to assist the parties to reach agreement.

I suggest to both parties to this dispute that they continue to bargain without interruption of production until all of the terms and conditions of a new contract are agreed upon. Acceptance of this suggestion, I am sure, will be in the interest of the steel workers, the steel companies, and the public.

It was reassuring to note the statements in your letter that the "Federal Government should not interfere with the actual bargaining process" and that "the final settlement should be and will be made by the parties themselves." I think that you and I are in agreement that free voluntary collective bargaining is an integral part of the American democratic way of life.

With best wishes,

Sincerely,

DWIGHT D. EISENHOWER.

MCDONALD TELEGRAM

DEAR MR. PRESIDENT: The United Steelworkers of America accept your suggestion

that both parties to this dispute continue to bargain without interruption of production.

Accordingly, we will extend, without conditions, prejudices, or qualifications, the agreements with the 12 steel companies which would otherwise expire on June 30, 1959, for a period of 2 weeks from that date. This will provide ample time to conclude new collective-bargaining agreements in good-faith negotiations.

With all good wishes.

Respectfully,

DAVID J. MCDONALD,

President, United Steelworkers of America.

Mr. HUMPHREY. Mr. President, Mr. McDonald, in his telegram to President Eisenhower, expressed the willingness of the United Steel Workers of America to accept the President's suggestion that both parties to the dispute continue to bargain without interruption of production. This dispute is of such importance that it leaves no room for any form of intransigence or arrogance. There is a public interest in these matters—a very definite public interest in the light of the international situation. I am hopeful that during the period of time which has been made available by a conciliatory attitude on the part of Mr. McDonald and his union, there will be negotiations which will lend themselves to conclusions and settlements.

There is no doubt that some matters will require very careful negotiation. As a result of the experience which many of these men have had in the field of collective bargaining, a justifiable, honorable settlement ought to be obtained.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MANSFIELD. I associate myself with the remarks made by the distinguished senior Senator from Montana. I think that David McDonald and his colleagues on the union team are to be commended for the solid statesmanship which they have shown in the field of labor relations. I am delighted that they acceded to the request of the administration, which I understand was made by the President, that negotiations be carried on for 2 weeks longer in the hope that, if possible, the difficulties could be overcome.

I am happy to note also that the leaders of the steel industry have been willing to renew their efforts to reach a settlement, although I am sorry to note that as of now there seems to be no give-and-take, so far as negotiations are concerned. So far as I can ascertain, conditions at present are where they have been over the past several months.

It is my hope that in the next 2 weeks labor and industry, in the field of steel, will get together. If they can reach reasonable agreements, if they can show the same kind of statesmanship which they showed in agreeing to a 2-week extension, then I think the outlook for America's economy will be good. If they do not, I think the effects will be distressing, because not only will the steel industry feel the results of a strike, but all segments of our economy will feel them, as well.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of July 1, 1959
86th-1st, No. 110

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HIGHLIGHTS: House committee voted to report Smith bill to enact Reorganization Plan 1 on forest land authorities. Committee authorized to report bill on Fri., July 3. House to consider resolution disapproving Reorganization Plan 1 on Mon., July 6. Both Houses agreed to conference reports and cleared for President: Commerce appropriation bill. State-Justice appropriation bill. Senate debated mutual security authorization bill. Senate committee voted to report employee health insurance bill.

HOUSE

- 1. FORESTRY; REORGANIZATION.** The Government Operations Committee voted to report (but did not actually report) with amendment H. R. 7681, to enact the provisions of Reorganization Plan 1 which would transfer from Interior to this Department certain authorities for the exchange or sale of forest land and timber (p. D556). The Committee was granted permission to file a report on the bill by noon, Fri., July 3 (p. 11373).
Rep. McCormack announced that H. Res. 295, providing for the disapproval of Reorganization Plan 1, will be considered Mon., July 6, but any votes on measures that day will go over to Tues., July 7 (p. 11384). Agreed to a request by Rep. Smith, Iowa, that debate on this measure will be limited to 2 hours (p. 11396).
- 2. COMMERCE APPROPRIATION BILL, 1960.** Both Houses agreed to the conference report on this bill, H. R. 7349, and acted on amendments in disagreement (pp. 11304-6,

11372). The House receded and concurred in an amendment of the Senate appropriating \$30 million for forest highways, consisting of \$26,250,000, the remainder of the amount authorized to be appropriated for fiscal year 1959, and \$3,750,000, the amount authorized to be appropriated for fiscal year 1960 (p. 11372). This bill will now be sent to the President.

3. STATE-JUSTICE APPROPRIATION BILL, 1960. Both Houses agreed to the conference report on this bill, H. R. 7343, and acted on amendments in disagreement (pp. 11301-3, 11371-2). This bill will now be sent to the President.
4. FOREIGN CURRENCIES. Conferees were appointed on H. R. 5674, to authorize construction at military installations, including the use of foreign currencies under Public Law 480 for foreign military housing construction (p. 11369). Senate conferees have already been appointed.
5. CONTRACTS. Both Houses agreed to the conference report on H. R. 7086, to extend the Renegotiation Act of 1951 for 3 years, until June 30, 1962 (pp. 11310-1, 11369-71). This bill will now be sent to the President.
6. PUBLIC BUILDINGS. The Rules Committee reported a resolution for consideration of H. R. 7645, to provide additional authority to GSA for the construction, alteration, and acquisition of public buildings of the Federal Government. pp. 11395, 11409
7. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment H. R. 804, to authorize Interior to construct and maintain the Spokane Valley Federal reclamation project, Wash. and Ida. (H. Rept. 622). p. 11409
8. PATENTS. The Judiciary Committee reported H. R. 4059, with amendment, to amend title 28 of the U. S. Code to protect copyrights from Government infringement (H. Rept. 624), and H. R. 2739, without amendment, to fix the fees payable to the Patent Office on patents (H. Rept. 623). p. 11409
9. INFLATION. Rep. Schwengel discussed the danger of inflation, and stated that it "leads in only one direction -- to the destruction of our system of free competition." pp. 11396-9
10. RESEARCH. Received a Nebr. Legislature resolution urging the establishment of a laboratory at the Univ. of Nebraska College of Agriculture "for the purpose of doing both basic and applied research on problems concerned with finding new uses and outlets for agricultural products." p. 11410
11. WATER RIGHTS. Received an Ill. Legislature resolution favoring the preservation of State water rights. pp. 11410
12. LEGISLATIVE PROGRAM. Rep. McCormack announced the following legislative program: Mon., July 6: H. Res. 295, disapproving Reorganization Plan 1 on forestry; Consent Calendar; and S. 726, enforcement of antitrust laws; Tues. and remainder of the week: Private Calendar and H. R. 7645, granting additional authority to GSA over public buildings. p. 11384

SENATE

13. MUTUAL SECURITY. Continued debate on S. 1451, the mutual security authorization bill for 1959 (pp. 11272, 11266-7, 11306, 11309, 11312-48, 11351-62).

Agreed to an amendment by Sen. Johnson which would direct the Secretary of State to submit to Congress by Jan. 3, 1960, a specific plan for the creation of a Center for Cultural and Technical Interchange between the East and West (pp. 11312-3).

Still pending are an amendment by Sen. Dirksen to reduce the amount to be loaned and the time period during which loans can be made under the Development Loan Fund and to change from authorizations to appropriations the method of obtaining these loans, and a point of order by Sen. Case, S. Dak., against present language in the bill making funds available to the Development Loan Fund by authorizations from the Treasury on the grounds that it constitutes an appropriation in a legislative authorization bill. Sen. Aiken and others pointed out that other programs are financed by borrowings from the Treasury without appropriations including CCC, REA, and Farmers Home Administration. (pp. 11312-48, 11351-62).

14. PERSONNEL. The Post Office and Civil Service Committee voted to report (but did not actually report) S. 2162, to provide a health benefits program for Government employees. p. D554
15. DEFENSE APPROPRIATION BILL FOR 1960. A subcommittee of the Appropriations Committee voted to report to the full committee this bill, H. R. 7454. p. D554
16. LEGISLATIVE BRANCH APPROPRIATION BILL FOR 1960. Received House message regarding amendment in disagreement on this bill, H. R. 7453. Requested conference with the House on the amendment and appointed conferees. p. 11350
17. FISHERIES. Sen. Bartlett summarized the views of Ambassador MacArthur, speaking for the State Department, opposing enactment of S. 502, prohibiting importation into the U. S. of salmon from foreign countries which permit the fishing of North American run salmon with gill nets. pp. 11299-300
18. SOIL BANK. Sen. Langer inserted a N. Dak. Non-Partisan League resolution requesting Gov. Davis to ask Secretary Benson to authorize the use of up to 50% of the soil bank grassland for emergency hay and pasture use "to save the livestock industry of the State." pp. 11263-4
19. MARKETING. Received from the Federal Trade Commission an interim report, "Economic Inquiry Into Food Marketing." p. 11263
20. PERSONNEL; RETIREMENT. Received from the Civil Service Commission a report of the Board of Actuaries on the valuation of the Civil Service Retirement System as of June 30, 1958. p. 11263
21. SECURITY. Sen. Keating stated that the Supreme Court decision on the Greene case (stating that neither the President nor the Congress had authorized a security program lacking the safeguard of allowing the accused to confront his accusers) "seriously impairs the security system of our Nation," and inserted an editorial commending the Court's opinion. p. 11298
22. GOVERNMENT SECRECY. Sen. McGee inserted and commended an article urging greater access of the public and Congress to executive department material and criticizing the "'executive privilege' doctrine as proclaimed by the Eisenhower Administration." pp. 11306-9
23. INTEREST RATES. Sen. Bush inserted and commended an editorial urging Congressional adoption of the proposal to raise interest rates on certain Government bonds. p. 11310
24. INFLATION; ECONOMIC GROWTH. Sen. Bridges inserted several articles, "Gloom Prophets Proved Wrong -- Resurging Economy Seen Halting Fears Spread by Recession Demagogues," "Europe Looks at U. S. Economy -- U. S. Weathering of

Recent Recession Without Spending Spree Stirs Relief," "Inflation's Menace," and "Democrats Find Good Times Bad." pp. 11362-5

25. LEGISLATIVE PROGRAM. Sen. Johnson announced that the Senate would continue debate on S. 1451, the mutual security authorization bill through Thursday, and if necessary on Friday, and that conference reports could be brought up at any time. pp. 11263, 11353.

ITEMS IN APPENDIX

26. WHEAT. Sen. Langer inserted a GTA radio roundup discussing the wheat price support bill prior to the President's veto. p. A5677
Extension of remarks of Rep. Dixon inserting an editorial, "One Step Forward, Two Steps Back," and stating that it "characterizes the wheat bill passed by the House and Senate." p. A5704
27. CREDIT UNION. Rep. Foley inserted a statement outlining the "pros and cons of credit unions" prepared by the Maryland Credit Union League. pp. A5688-9
Speech in the House by Rep. Cohelan paying tribute to the credit union on their 25th anniversary. p. A5722
28. CORN TASSEL. Extension of remarks of Rep. Carter supporting the corn tassel as the national floral emblem. p. A5690
29. ELECTRIFICATION; FEDERAL-STATE RELATIONS. Extension of remarks of Rep. Poff inserting a letter discussing a reference which was made to the alleged impact of H. R. 3 on the REA program. pp. A5693-4
30. CCC. Extension of remarks of Rep. Gathings discussing reference which had been made regarding loans made to soybean growers in Miss. County, Ark. p. A5698
31. WATER RESOURCES. Rep. Libonati inserted an Ill. State resolution urging that all necessary action be taken to preserve water rights of individual States. pp. A5699-700
32. RECLAMATION. Sen. Engle inserted his letter to the editor of the Washington Post discussing questions which had been raised in the criticism of the proposed San Luis irrigation project. p. A5713
33. FARM PROGRAM. Rep. Johnson, Wis., inserted the statement of Edwin Christianson, pres., Minnesota Farmers Union, before the House Agriculture Committee on the farm program. pp. A5717-3

BILLS INTRODUCED

34. RESEARCH. S. 2318, by Sen. Bible (for himself and Sen. Cannon), to provide for research into and development of practical means for the utilization of solar energy; to Aeronautical and Space Science Committee. Remarks of Sen. Bible. pp. 11265-6
35. SOIL BANK. S. 2323, by Sen. Young, N. Dak. (for himself and Sen. Langer), to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions; to Agriculture and Forestry Committee.

NATIONAL SURVIVAL BEFORE POLITICS

Mr. WILEY. Mr. President, William S. White recently, in a column entitled "National Survival Before Politics," made a few very pertinent statements, as follows:

There is a need and a duty to cry alarm at the growing disarray of Washington, a Washington torn by the pettiest of politics in the face of the gravest of world dangers.

After 12 years of cold war, we have entered an hour of twilight before another and perhaps the last crisis is upon us. These days, while negotiations over Germany are in suspense, may be the last days open for rallying the country and elevating the purposes of its political parties above the two-bit issues over which the political extremists are tearing each other—and themselves—apart.

Recently, also, the Chaplain of the U.S. Senate, in his column in the Sunday Star entitled "The Drum Major Peril," said the following:

A great modern prober of personality declares that he believes the desire for recognition, the wish to be significant, the passion for applause, is the dominant impulse in human nature.

And he quotes Carl Sandburg:
We all want to play Hamlet.

He illustrates this idea further by saying:

The drum majorette, goosestepping in the front ranks of a colorful parade, dexterously manipulating her baton, gets what she is after, the thundering applause of the sidewalk spectators. * * * Sometimes the desire for it and the inebriation that it brings is so overpowering that the victim comes to a place where he is ready to say, "My kingdom for applause."

The doctor further states:

In the matchless Sermon on the Mount, Jesus warned against letting one's giving and praying be done with ears tuned to applause—staged on street corners to be seen and heard of men.

Dr. Harris particularly called attention to Rudyard Kipling's refusal to be a drum major in the stately procession celebrating the Second Jubilee of Queen Victoria.

He told how other writers were eulogizing the British Empire, and that Kipling could have excelled them all, but instead of that, his conscience told him to write the "Recessional," which follows:

RECESSIONAL

(By Rudyard Kipling)

God of our fathers, known of old—
Lord of our far-flung battle-line—
Beneath whose awful Hand we hold
Dominion over palm and pine—
Lord God of Hosts, be with us yet,
Lest we forget—lest we forget!

The tumult and the shouting dies—
The captains and the kings depart;
Still stands Thine ancient Sacrifice,
An humble and a contrite heart.
Lord God of Hosts, be with us yet,
Lest we forget—lest we forget!

Far-called our navies melt away—
On dune and headland sinks the fire—
Lo, all our pomp of yesterday
Is one with Nineveh and Tyre!
Judge of the Nations, spare us yet,
Lest we forget—lest we forget!

If drunk with sight of power, we loose
Wild tongues that have not Thee in awe—
Such boasting as the Gentiles use—
Or lesser breeds without the Law—
Lord God of Hosts, be with us yet,
Lest we forget—lest we forget!

For heathen heart that puts her trust
In reeking tube and iron shard—
All valiant dust that builds on dust,
And guarding calls not Thee to guard—
For frantic boast and foolish word,
Thy mercy on Thy People, Lord!
Amen.

What Kipling wrote—

Dr. Harris said—

was like a wet blanket thrown over the fervid celebration. His words were an answer to the proud boasts that the Empire would continue to expand in power and might. * * * What he wrote was a call to national humility based on gratitude and a sense of the stewardship of God's gifts. He reminded the boasting nation that "still stands thine ancient sacrifice, an humble and a contrite heart."

Dr. Harris continued:

His phrases shocked England and doubtless cost the author the honor of ever being poet laureate. However, he chose to utter the eternal truth as he turned from what would have been ephemeral applause. In that great national parade he was a prophet rather than a cheap drum major.

Mr. President, the "Intelligence Digest," which is printed in London is edited by Kenneth DiCorsi. In a recent issue, he says:

In our opinion, the Berlin question, however important, has been used to conceal the vast movements occurring elsewhere. In Asia, China is moving to tighten her grip, and the Tibetan tragedy is only one example of this. Far more important, Russia is working toward a bold attempt to gain total control of the Middle East oil supplies upon which Europe depends, and to create a Communist threat to the United States and the Caribbean area. In other words, there is a three-pronged attempt to outflank the neutral Asian bloc, the Western bloc, and the United States.

I ask that Dr. Harris' column be printed following my remarks.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

SPICES OF THE SPIRIT—THE DRUM MAJOR PERIL
(By Dr. Frederick Brown Harris, Chaplain of the U.S. Senate)

It seems to be a human instinct to want to lead the parade. A great modern prober of personality declares that he believes the desire for recognition, the wish to be significant, the passion for applause, is the dominant impulse in human nature. He ranks what has been called the drum major instinct as stronger even than that of sex. Carl Sandburg, the poet, looking with understanding eyes at his fellows puts it bluntly, "We all want to play Hamlet."

How the frailties and follies of children of larger growth are often strikingly revealed in the nursery rhymes. For instance, we are seeing more than Little Jackie Horner when that boasting lad, eager for attention and applause, buries his hand as he probes into the succulent pudding and brings out on his sticky thumb a delectable plum, and who himself gives the signal for the expected applause as he exclaims, "What a good boy am I." The drum majorette, goose-stepping in the front ranks of a colorful parade, dexterously manipulating her baton, gets what she is after, the thundering applause of the sidewalk spectators. It is all very human,

and who among us does not understand because of inside information the gathering desire of frustrating circumstances to excel in something, of being applauded as a somebody. The current volume by Vance Packard entitled "Status Seekers" makes that driving imperative abundantly clear.

Ann Greenwood has caught the drum major urge in a humorous way as she pens a verse about an ordinary housewife who wanted to write a book. Here it is:

"Taint that I want the money or fame when I'm dead.
But just because I get so tired of just composin' bread.
I'd like the folks in Plainville to read some magazine
An' see it writ in printin', 'A Poem,' by Sarah Green.
Yes, I can cook, but mercy, a body's got to cook,
That's just the very reason I want to write a book."

The longing that this woman might rise from bread to books is of course understandable. She craves to be noticed. But much of the hypocrisy which curses society, the affectation, duplicity, chicanery and pretense—can be traced to an inordinate desire for applause. People say things which they do not mean, express emotions which they do not feel, praise when they secretly condemn, in order that other people may agree with them, applaud them. Sometimes the desire for it and the inebriation that it brings is so overpowering that the victim comes to a place where he is ready to say, "My kingdom for applause."

In the matchless Sermon on the Mount, Jesus warned against letting one's giving and praying be done with ears tuned to applause—staged on street corners to be seen and heard of men.

There are those in positions of prominence who will never prophesy what people do not want to hear. They are opportunists. They qualify and hedge and put ditto marks under the beliefs of those with whom they deal. After making an address to an applauding crowd a certain public speaker confessed that he had been but a sounding board for the passion of that audience, hurling back upon them to their own delight the opinions they already held. He realized that he had only confirmed the ideas they had brought with them, and that by their applause the crowd really had been applauding themselves. The speaker had yielded to the temptation to express the drum major instinct so far as he was concerned. He wanted to be out in front.

In what we call "The Recessional," Rudyard Kipling refused to be a drum major in the stately procession celebrating the second jubilee of Queen Victoria. Writers galore were producing extravagant eulogies regarding the British Empire on which the sun never set. Rudyard Kipling could have excelled them all in that business had not his conscience held back his pen. All England would have rocked with applause at something he might have written. Instead, when all others were stressing processions, Kipling wrote his "Recessional." It was like a wet blanket thrown over the fervid celebration. His words were an answer to the proud boasts that the Empire would continue to expand in power and might. But Kipling, pointing to the buried treasures of musty history, spoke in his lines of "the pomp of yesterday being 'one with Nineveh and Tyre.'" What he wrote was a call to national humility based on gratitude and a sense of the stewardship of God's gifts. He reminded the boasting nation that "still stands thine ancient sacrifice, an humble and a contrite heart." His phrases shocked England and doubtless cost the author the honor of ever being poet laureate. However, he chose

to utter the eternal truth as he turned from what would have been ephemeral applause. In that great national parade he was a prophet rather than a cheap drum major. Now we put Kipling's burning words in our hymnals, sometimes on our lips, but alas, not always in our hearts. But we do honor the man who spurned applause.

The reaction of any occasion to a public speech is not necessarily a criterion of its importance. At Gettysburg, Edward Everett, polished orator, received the deafening applause of the hour; but it was Abraham Lincoln's 3-minute speech on that same occasion which has won the applause of the ages.

Once in a great church gathering very large contributions from wealthy people, ostentatious gifts which really involved no sacrifice, were greeted with loud applause—which was no doubt what some of the donors had in mind. They loved to be drum majors in a parade of contributors. Quite a small amount was announced toward the end. The chairman of that meeting happened to know that it was a widow's mite, a gift for which a poor woman craved no credit; but it was an amount which to her had meant great self-denial. There was absolutely no applause from the crowd when that small figure was read. Then, in the silence, the chairman exclaimed, "Listen, I think I hear the clapping of the pierced hands."

SPECIAL MASTER NAMED BY SUPREME COURT IN CHICAGO WATER DIVERSION CASE

Mr. WILEY. Mr. President, the Chicago water diversion controversy has been a difficult one for 50 years. Dispute has raged over the facts and the proper solution. It divides the seven States in the Great Lakes Basin and our friendly neighbor to the north—Canada.

However, on Monday the U.S. Supreme Court again showed its unbiased wisdom in a preliminary decision in the case of Wisconsin against Illinois and three other diversion cases pending before it. The Court appointed U.S. Senior Circuit Judge Albert B. Maris special master in each of these cases to take such evidence as he deems necessary and to submit such report to the Court as he may deem necessary.

Judge Maris will have the same opportunity which Judge Charles Evans Hughes had many years ago to solve the Chicago water controversy. Judge Hughes' recommendations lasted with minor modifications for almost 30 years. Last Monday, the decree resulting from his report was reopened for further consideration, and Judge Maris has now the same freedom to find the modern facts which Judge Hughes had to find the facts of his day.

Mr. President, I ask unanimous consent that the order of the Supreme Court in original actions 2, 3, 4, and 15 be printed at this point in the RECORD.

There being no objection, the order was ordered to be printed in the RECORD, as follows:

SUPREME COURT OF THE UNITED STATES—WISCONSIN ET AL., v. ILLINOIS ET AL., No. 2, ORIGINAL; MICHIGAN v. ILLINOIS ET AL., No. 3, ORIGINAL; NEW YORK v. ILLINOIS ET AL., No. 4, ORIGINAL; ILLINOIS v. MICHIGAN ET AL., No. 15, ORIGINAL

(June 29, 1959)

Per curiam.

The motion of Chicago Association of Commerce and Industry for leave to file brief in

Nos. 2, original, 3, original, and 4, original, as amicus curiae, is granted. The amended application of complainants for a reopening of the decree of April 21, 1930, in Nos. 2, original, 3, original, and 4, original, is granted.

The motion for leave to file a bill of complaint in No. 15, original, is granted.

It is ordered that Hon. Albert B. Maris, U.S. senior circuit judge, be, and he is hereby, appointed special master in each of these causes, with authority to summon witnesses, issue subpoenas, and take such evidence as may be introduced and such as he may deem it necessary to call for. The master is directed to hold hearings with all convenient speed, and to submit such reports as he may deem necessary.

The master shall be allowed his actual expenses. The allowances to him, the compensation paid to his technical, stenographic, and clerical assistants, the cost of printing his report, and all other proper expenses, shall be charged against and be borne by the parties in such proportion as the court hereafter may direct.

PENSION PROGRAMS FOR VETERANS

Mr. WILEY. Mr. President, the House-passed bill H.R. 7650, proposing to modify the pension programs for veterans of World War I, II, and the Korean conflict and their widows and orphans, is now pending before the Committee on Finance.

The bill provides that about 70 percent of all present pensioners, including married and single veterans, widows and orphans, will get increases in benefits. According to estimates, the total number that would benefit is about 1,132,000 persons.

We recognize that there are objections to some provisions of the bill. I hope, however, that in hearings before the Committee on Finance these difficulties could be equitably resolved.

In view of the sacrifices of our veterans, it is essential that we maintain a fair system of benefits for them. Recently, I received telegrams from Douglas B. Davenport, department commander of the Wisconsin American Legion, and Catherine Staidl, department president of the American Legion Auxiliary, expressing approval and urging early consideration of H.R. 7650.

I ask unanimous consent to have the telegrams printed at this point in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

MILWAUKEE, WIS., June 24, 1959.

Senator ALEXANDER WILEY,
Senate Office Building,
Washington, D.C.:

Thirty-nine thousand members Wisconsin American Legion Auxiliary urge you to contact members Finance Committee, requesting them to make early and favorable report on H.R. 7650, pension bill, supported by the American Legion and passed by the House June 15.

AMERICAN LEGION AUXILIARY,
CATHERINE STAIDL,
Department President.

MILWAUKEE, WIS., June 23, 1959.

Senator ALEXANDER WILEY,
Senate Office Building,
Washington, D.C.:

On behalf of the Wisconsin American Legion, we respectfully urge your support of H.R. 7650, pension bill. Will you please con-

tact your friends on the Senate Finance Committee and request early action on this bill?

DOUGLAS B. DAVENPORT,
Department Commander.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, has morning business been concluded?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

MUTUAL SECURITY ACT OF 1959

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Chair lay before the Senate the unfinished business.

The PRESIDING OFFICER. Without objection, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

CONCURRENT RESOLUTION OF TEXAS LEGISLATURE

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed in the RECORD House Concurrent Resolution 23, of the Texas Legislature.

There being no objection, the concurrent resolution was ordered to be printed in the RECORD, as follows:

HOUSE CONCURRENT RESOLUTION 23

Whereas good business climate is hereby defined as follows:

1. Fair and equitable treatment in general legislation and administrative regulation for all segments of Texas' economy.
2. A framework of government the support of which adds no greater cost to doing business than the cost of government imposed by other States of similar industrialization and favorable climate.
3. Equitable tax policies and restriction of the cost of government to reasonable levels.
4. Fair treatment for all in legislation and administration of labor-management relations affairs.
5. Fostering, in the public interest, an economic atmosphere which will enable Texas agriculture and industry to compete for out-of-State markets, remembering that wide marketing of Texas products brings wealth into the State, thereby raising the Standard of living of all our people; and

Whereas during the last 10 years, under its prevailing favorable business climate, Texas has attracted many new manufacturing plants with large investments; and

Whereas for reasons hereinafter set forth, it will be critically important for Texas to continue to maintain and improve its business climate; and

Whereas basic industry and agriculture are the prime movers of the rest of the business economy; and

Whereas healthy industry broadens the tax base, thereby providing much needed

ers to leave it and travel freely abroad?

We must give the Government the power so it does not remain helpless to prevent American Communists, including national leaders and officials of the Communist Party of America from going abroad to conspire against the very Government which must facilitate their travel.

The bill I am introducing will endeavor to correct this dangerous situation. I therefore urge immediate consideration and action on this measure.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2315) to provide for denial of passports to supporters of the international Communist movement, for review of passport denials, and for other purposes, introduced by Mr. WILEY, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—DENIAL OF PASSPORT TO SUPPORTERS OF THE INTERNATIONAL COMMUNIST MOVEMENT

SECTION 1. The Congress finds that the international Communist movement of which the Communist Party of the United States of America is an integral part, seeks everywhere to thwart United States policy, to influence foreign governments and peoples against the United States, and by every means, including force and violence, to weaken the United States and ultimately to bring it under Communist domination; that the activities of the international Communist movement constitute a clear, present, and continuing danger to the security of the United States, and seriously impair the conduct of the foreign relations of the United States; that travel by couriers and agents is a major and essential means by which the international Communist movement is promoted and directed; that a United States passport requests other countries not only to permit the holder to pass freely and safely but also to give all lawful aid and protection to the holder and thereby facilitates the travel of such holder to and in foreign countries; and that in view of the history of the use of United States passports by supporters of the international Communist movement to further the purposes of that movement, the issuance of a passport to, or the possession of a passport by, persons described in section 2 is inimical to the security and to the conduct of the foreign relations of the United States and therefore passports should not be issued to or held by such persons.

SEC. 2(a) In accordance with the findings in section 1, the Secretary of State is authorized to refuse to issue a passport, or to revoke a passport already issued, to any person as to whom it is determined on substantial grounds that he knowingly engages in activities for the purpose of furthering the international Communist movement, unless such person demonstrates to the Secretary, by clear and convincing evidence, that his activities abroad would not further the purposes of such movement.

(b) The Secretary shall consider as evidence of activities in furtherance of the international Communist movement, within the meaning of subsection (a)—

(i) present membership in the Communist Party or former membership terminated under circumstances which reasonably warrant the conclusion that the person continues to act knowingly in furtherance of the interests and under the discipline of the Communist Party;

(ii) activities under circumstances which reasonably warrant the conclusion that a person, regardless of the formal state of his affiliation with the Communist Party, is knowingly acting under the discipline of the Communist Party, or as a result of the direction, domination, or control exercised over him by the international Communist movement;

(iii) other facts which reasonably warrant the conclusion that the person is going or staying abroad to conduct activities for the purpose of furthering the interests of the international Communist movement.

SEC. 3. The Secretary of State may require, as a prerequisite to the issuance, renewal, or extension of a passport, that the applicant subscribe to and submit a written statement duly verified by his oath or affirmation as to whether he is or has been within 10 years prior to filing his application a member of the Communist Party.

SEC. 4. The provisions of this title shall continue in effect until the termination of the national emergency established by Presidential Proclamation Numbered 2914, December 16, 1950 (64 Stat. A 454).

TITLE II—PROCEDURE FOR PASSPORT DENIAL AND REVIEW THEREOF

SEC. 5. Upon application therefor, duly completed, and upon compliance with any requirement under the provisions of section 3 of title I of this Act, a passport shall be issued to any person qualified under section 212 of title 22 of the United States Code (32 Stat. 386), or the applicant shall be informed in writing of a denial thereof, within ninety days after receipt of such application. If a passport is denied, revoked, or restricted for any reason other than non-citizenship or geographic restrictions of general applicability, the passport applicant or holder shall be informed in writing of the reason, as specifically as is consistent with considerations of national security and foreign relations, and of the right to a hearing before the Passport Hearing Board in accordance with the provisions of this title. Notice of the denial or revocation of a passport under the terms of title I of this Act shall specify the paragraph or paragraphs of section 2(b) of title I on the basis of which the passport is denied or revoked.

SEC. 6. There shall be established within the Department of State a Passport Hearing Board consisting of three officers of the Department to be designated by the Secretary of State. This Board shall have jurisdiction in all cases wherein a hearing is requested in writing within thirty days after notification of the denial, revocation, or restriction of a passport, for any reason other than non-citizenship or geographical restrictions of general applicability. The Board shall hold a hearing within ninety days after the receipt of the request unless such time limit is extended at the request of the party. The officers who present the case of the Department of State to the Board shall not otherwise participate in the deliberations or recommendations of the Board.

SEC. 7. (a) The Secretary shall establish and make public rules which shall accord to the individual in proceedings before the Board the following rights:

- (1) To appear in person and to be represented by counsel;
- (2) To testify in his own behalf, present witnesses, and offer other evidence;
- (3) To cross-examine witnesses appearing against him at any hearing at which he or his counsel is present and to examine all

other evidence which is made a part of the open record;

(4) To examine a copy of the transcript of the open proceedings or to be furnished a copy upon request.

(b) In order to protect information, sources of information, and investigative methods, disclosure of which would have a substantially adverse effect upon the national security or the conduct of foreign relations, the Board may at any time consider oral or documentary evidence without making such evidence part of the open record. Prior to completion of its proceedings, the Board shall furnish to the individual a résumé of any such evidence, and shall certify that it is a fair résumé. The Board shall take into consideration the individual's inability to challenge information of which he has not been advised in full or in detail or to attack the credibility of sources which have not been disclosed to him.

SEC. 8. Within sixty days after completion of its proceedings, the Board shall make written findings, conclusions, and recommendations, which shall be transmitted with the entire record to the Secretary of State who shall make the final administrative determination. If the recommendation of the Board is adverse to the individual, a copy of the recommendation and of the findings and conclusions which are based upon the open record or upon the résumé of any evidence not made part of the open record, shall be furnished the individual, who may within twenty days following the receipt thereof submit to the Secretary written objections thereto. The Secretary shall base his determination upon the entire record submitted to him by the Board, including all findings and conclusions, and upon any objections submitted by the individual. In appropriate cases, the Secretary may remand a case to the Board for further proceedings. In the event he takes action adverse to the individual, the Secretary shall make appropriate written findings and conclusions.

SEC. 9. The United States District Court for the District of Columbia shall have jurisdiction to review any final determination of the Secretary of State under section 8 of this Act to determine whether there has been compliance with the provisions of this Act and of any regulations issued thereunder. In any such proceedings the court shall have power to determine whether any findings which are stated to be based upon the open record are supported by substantial evidence contained in that record, or, in the case of a résumé of evidence which was not made part of the open record in conformity with section 7(b) of this Act, are supported by the résumé of such evidence, duly certified by the Board under said section 7(b).

SEC. 10. The provisions of the Administrative Procedure Act, as amended (5 U.S.C., ch. 19), shall not apply to proceedings under this title.

TITLE III—REGULATIONS

SEC. 11. The Secretary of State is authorized to prescribe regulations to carry out the provisions of this Act.

TITLE IV—SEPARABILITY

SEC. 12. If any provision of this Act is held invalid, the remaining provisions shall not be affected.

TITLE V—EFFECTIVE DATE

SEC. 13. This Act shall take effect immediately upon its enactment.

DEVELOPMENT OF MEANS FOR UTILIZATION OF SOLAR ENERGY

Mr. BIBLE. Mr. President, on behalf of myself and my colleague, the junior Senator from Nevada [Mr. CANNON], I introduce, for appropriate reference, a

bill which provides for ways and means of establishing a program for research into and the development of practical means of utilizing our most plentiful natural resource, sunshine.

Since the dawn of mankind to the present day, the sun has been used for natural heat and light, and little more. This greatest source of all energy has been taken for granted. It seems incongruous to me that, with all the great developments the world has seen and the immense scientific strides which have been made, a more effective means of utilizing this great natural resource has not been made. To be sure, our scientists have made some advances in this field, but they are infinitesimal when compared to the potential.

Someone once calculated that the enormous power involved in the huge atomic energy reactors at Hanford, Wash., does not surpass the solar energy which every day, in the form of sunlight, falls unused upon the roofs of the Hanford buildings. To express it another way, there is more energy received from the sun on a half square mile on a sunny day than there is in 1 pound of U²³⁵.

The use of this great potential energy source depends upon its conversion to useful energy forms. It is in this field of conversion that our country has fallen far behind the other nations of the world—a fact that gives me a great deal of concern because our country has the resources and the abilities as well as the need to be a leader in this field. Soviet Russia, France, Israel, and Japan are far ahead of the United States in putting the sun to work. Russia has perhaps made the most advances in this field; and, from the best information available, has an entire experimental town whose energy is supplied by the sun. Many of Israel's housing developments are heated by solar energy. France and Japan have made similar advances.

Our country is fortunate in having the world's most complete private library on solar energy. While some use has been made by private industries and research institutions of this source of knowledge, the second greatest user of this library, next to New York University, is the U.S.S.R.

We know that the sun can be used to advantage, for already in this country we have solar water heaters, solar furnaces, solar ovens for cooking, solar batteries, and solar engines of various kinds. Solar distillation plants for the conversion of salt water to potable water are a reality; but, at best, the developments of which I speak are mere experiments and will remain such unless some concentrated effort is put forth to develop practical and efficient means of using this relatively untapped source of potential energy.

With the exception of the polar regions, solar energy is available everywhere. It does not need transportation facilities and cannot be cut off by sudden emergencies created by man. Solar energy utilization requires ingenuity in overcoming the scientific, technical, and economic problems. It calls on almost all branches of physics and chemistry

and requires the teamwork of specialists in many fields.

The total research and development expenditures made thus far in solar energy utilization are infinitesimal when compared with the expenditures made in the development of other natural resources.

The proposed legislation will provide the means whereby our Nation can take advantage of this ever-present and plentiful natural resource, and I am fearful that unless we take action through some long range plan whereby the resources of our Nation can be called into play, we shall find that we have fallen further behind in this very important field and that it will take an expensive crash program to try and regain the lost ground.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2318) to provide for research into and development of practical means for the utilization of solar energy, and for other purposes, introduced by Mr. BIBLE (for himself and Mr. CANNON), was received, read twice by its title, and referred to the Committee on Aeronautical and Space Sciences.

Mr. CANNON. Mr. President, I am most happy to join with my colleague, the senior Senator from Nevada [Mr. BIBLE] in introducing proposed legislation which would provide for needed research into the field of solar energy.

Our modern civilization is built upon our ability to harness energy potential and to make it work for us. In the sun we have an obvious source of tremendous energy, and most of us are convinced that substantial amounts can be harnessed for mankind's use.

The need for developing a new source of energy other than those obtained from fossil, hydraulic, and hydrocarbon sources is readily apparent. With each passing year the world's reserve of economically recoverable fuels is being depleted at an ever-increasing rate. There are many figures available on the number of years our oil and coal supplies will last. Most of these are a matter of conjecture, but I believe we all know that they will not last forever, especially with the projected increase of our energy requirements.

A source of energy which is being rapidly developed is the use of fissionable materials, but by projecting population increases and pyramiding power requirements, one can foresee an ultimate consumption of these materials.

The use of solar energy is important in both civilian and military fields. The proposed legislation which has been introduced provides for cooperation between the civilian and the military agencies responsible for research programs.

The little use of solar energy which has already been made has been important especially in the fields of military application. Solar batteries are available to furnish power for communication purposes. Solar batteries are being used as a means of providing power in satellites. Solar stills have been used to make fresh water, and the Army recently dedicated a solar furnace to test military materials under intense heat.

This furnace can reach a heat of 5,000 degrees Fahrenheit.

I think it most important that our Nation concentrate its efforts on this virtually untouched source of energy and I am happy to cosponsor legislation which opens the door for the needed research and development in this field.

Mr. BIBLE. I appreciate the remarks of my distinguished junior colleague from Nevada.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. BIBLE. I yield to the Senator from California.

Mr. KUCHEL. I merely want to say that the two able Senators from Nevada have commented upon an intriguing subject, Mr. President. The proposed legislation the Senators have introduced will be of considerable interest to all Members of the Senate.

I remember, a year or so ago, receiving from a constituent of mine, a physicist and engineer, a little gadget which, when exposed to the rays of the sun, would generate energy and make a fan go, which I still have. He went on to describe how in the future, if science can perfect a means by which the rays of the sun can be transferred into energy around the globe, the problems of light and of heat in the homes of this country and throughout the world will be solved simply by reliance upon the rays of the sun.

I wish to have the record show that what our two colleagues from Nevada have spoken of today, Mr. President, which they have used as the basis for introducing proposed legislation, is something which certainly merits the intense interest of all Members of the Senate.

Mr. BIBLE. I will say to my friend from California, I certainly appreciate his comments. I think this is a challenging new field. It is a field which requires careful study, research, and implementation.

I wish to add that probably no institution in the entire United States has done more in this field than the Stanford Research Institute. They are pioneers. They have spent many, many thousands of dollars already in an attempt to develop the field. We hope we can move forward at a more accelerated pace.

Mr. KUCHEL. Under the proposed legislation the Senator is sponsoring would educational institutions, both public and private, have an opportunity to participate in the program which the Senator envisions?

Mr. BIBLE. I am sure any legislation should take proper note of that. I envision this as being a completely cooperative effort.

Mr. KUCHEL. I thank the Senator.

Mr. BIBLE. I thank the Senator from California.

AMENDMENT OF MUTUAL SECURITY ACT OF 1954—AMENDMENTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may speak for 4 additional minutes under the order which has been entered.

The PRESIDING OFFICER (Mr. BIBLE in the chair). Without objection, the Senator from Montana may proceed.

Mr. MANSFIELD. Mr. President, under the chairmanship of the distinguished Senator from Arkansas [Mr. FULBRIGHT], the Committee on Foreign Relations adopted a number of amendments to Senate bill 1451, the Mutual Security Act. The amended bill is now before the Senate. As amended, S. 1451 should act to bring about improvements in the foreign aid program.

Nevertheless, I did not vote to report this bill. I did not oppose the reporting, but I could not endorse it. I could not do so because whatever the improvements—and there are many—S. 1451 still does not go far enough.

In specifics, I cannot accept the need for a \$250 million increase in total authorizations; the bill now authorizes, in effect, \$4,160 million, whereas the administration sought only \$3.9 billion. Further, S. 1451 does not require decisive action to end massive grants of aid—as distinct from loans—within a reasonable time. Finally, Mr. President, the bill will not serve to bring about the degree of change in the administration of the aid program which I believe is necessary if the aid program is to serve effectively the purposes for which it is intended.

Mr. President, I submitted five of the many amendments to S. 1451, which were considered by the committee. I should like, at this point, to review briefly the status of these amendments in the bill as it has emerged from committee.

The first of these amendments was designed to require the administration to weigh carefully every dollar budgeted for military assistance in juxtaposition with every dollar budgeted for the national Defense Establishment in order to make certain that each dollar was being used in the best possible fashion from the viewpoint of national security. In short, the objective of the amendment was to compel the left hand of the innumerable departments, agencies, and committees which run this administration to be aware of what the right hand was doing. That amendment was adopted by the committee.

The second amendment was designed to strengthen the control of the Secretary of State over military aid so as to integrate this critical overseas activity very closely into foreign policy and in order to curb the costly and dangerous tendency to spread military aid into practically any country willing to take it. A modified and strengthened version of this amendment was adopted by the committee. It is a better amendment than the one I originally offered and I support it fully.

It seems to me, Mr. President, that the report of the Draper Committee which was recently released shows very clearly the need for an amendment of that kind, as well as for the first to which I referred. May I add that there are other pertinent findings in the excellent Draper report. While time is too short to consider these findings in sufficient detail to reflect them adequately in the current bill, I believe they should

be studied most carefully by the executive branch, the appropriate committees, and the Congress, with a view to bringing about additional changes in the aid program at a later date.

The third amendment was intended to end the secrecy which, at the present time, shrouds the country-by-country cost of military aid. In this case, the committee adopted a more comprehensive amendment on the subject of public information, which was introduced by the able Senator from Idaho [Mr. CHURCH]. I withdrew my amendment in favor of the amendment of the distinguished Senator. If the executive branch interprets his amendment in good faith, the people of the United States will know what they need to know to form effective judgments on this largest single item of grant aid that is, grants of military assistance. The Church amendment makes clear that only overriding reasons of national security will justify withholding from the public, information on the specific costs of any aspect of the aid program. No longer shall information be classified "secret" as it has been in the past, largely for purposes of administrative convenience.

The Senate will recall still another amendment which would have required the administration to submit to Congress next year a detailed plan for each recipient country whereby grants of defense support and special assistance might be progressively reduced and eliminated over a 3-year period. The amendment was aimed at getting away from aid by force of habit. It was designed to bring about a fresh approach to the aid program, with a view to curbing massive grants of aid in a gradual fashion. Its purpose was to move recipient countries from dependence on never-ending grants of aid to one of relative economic independence, with their continued growth assisted from 1963 on by technical cooperation and loans.

The committee adopted a modification of this amendment. It sought to retain the concept but it eliminated the time requirement. By deleting, as it did, the single phrase, "within 3 years," I fear that the committee may also have removed the stimulus for the executive branch to put the concept into effect. It has, in effect, left a loophole which permits the executive branch to go on drifting in the aid patterns of the past. It removes the pressure to act vigorously and purposefully in present foreign aid, the pressure to act as we acted in carrying out the Marshall plan. I cannot accept the committee's change in this amendment without further consideration of the matter by the Senate. Therefore, I submit a further amendment to require that the executive branch shall submit plans for the termination of defense support and special assistance in each recipient country within 3 years, and I ask that the amendment lie on the table and be printed.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. MANSFIELD. Mr. President, a fifth amendment was rejected by the committee. It was designed to end the

quasi-independent official personality of the International Cooperation Administration and to integrate its functions and personnel fully into the Department of State. This amendment was proposed in order to bring about a complete rehauling of the administration of the foreign aid program. A basic administrative reform of that kind, I believe, is essential if the aid program is to be kept within the realm of the useful and practical. It is necessary if the decent men and women who now administer foreign assistance—the rank and file—are to have equal official status within the Department of State, if they are to have a reasonable measure of security in their jobs.

On two previous occasions Congress has adopted amendments aimed at achieving the full integration of the administering agency of the aid program into the Department of State. Twice the executive branch has found ways to circumvent the intent of the Congress. The fact that there has been a great deal of feet-dragging in that branch, however, is not a reason for Congress to get tired of the battle and yield on this point. Each time we have passed a measure of this kind we have moved closer to full merger, despite efforts to circumvent the intent of the legislation. It seems to me Congress must persist in this endeavor until we do bring about the change. Therefore, I submit a further amendment designed to integrate the functions and personnel of the International Cooperation Administration fully into the Department of State and request that it lie on the table and be printed.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. ROBERTSON submitted amendments, intended to be proposed by him, to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. DODD submitted an amendment, intended to be proposed by him, to Senate bill 1451, supra, which was ordered to lie on the table and to be printed.

RELIEF OF CERTAIN ALIENS— AMENDMENT

Mr. CHURCH submitted an amendment, intended to be proposed by him, to the bill (S. 1033) for the relief of certain aliens, which was referred to the Committee on the Judiciary and ordered to be printed.

DE-ICING SYSTEM FOR GREAT LAKES AND ST. LAWRENCE SEA- WAY—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of June 24, 1959, the names of Senators JAVITS, KEATING, HART, CAPEHART, YOUNG of Ohio, LAusche, HUMPHREY, and MCCARTHY were added as additional cosponsors of the bill (S. 2242) to provide for an investigation and study of means of making the Great Lakes and the St. Lawrence Seaway

available for navigation during the entire year, introduced by Mr. WILEY on June 24, 1959.

Mr. WILEY. Mr. President, Senators will recall that, on June 24, I introduced Senate bill S. 2242, proposing to lay the foundation for development of a deicing system for the Great Lakes and the St. Lawrence Seaway.

Since that time, I am happy that a number of Senators have expressed a desire to be included as cosponsors of the measure.

They are the Senators from New York [Mr. JAVITS and Mr. KEATING], the junior Senator from Michigan [Mr. HART], the senior Senator from Indiana [Mr. CAPEHART], the Senators from Ohio [Mr. YOUNG and Mr. LAUSCHE], and the Senators from Minnesota [Mr. HUMPHREY and Mr. MCCARTHY].

As we recall, the proposed legislation would authorize the Corps of Engineers to conduct a comprehensive study on existing deicing systems; the feasibility of applying such systems to the upper Great Lakes region; a comprehensive review of weather conditions, water thermal data, geography, and other factors relating generally to the feasibility and practicability of applying such systems to the area.

The Corps of Engineers would be required to make a report, including such recommendations for legislative or administrative action, as may be deemed advisable, to the President and the Congress by January 1961.

If feasible and recommended by the corps, the Congress, I believe, could then authorize a pilot project of the selected deicing system or systems.

We recognize that "cracking the ice barrier" is necessarily a long-term project.

Nevertheless, there has been sufficient progress in this field to merit going ahead on studies for the feasibility of such plans for the upper Great Lakes.

CITIZENS COUNCIL FOR ADVOCACY OF FREEDOM—ADDITIONAL COSPONSOR OF BILL

Mr. WILEY. Mr. President, I was pleased to introduce, on June 16, 1959, Senate bill 2188, to provide for the establishment of a Citizens' Council for Advocacy of Freedom. I ask unanimous consent that the name of the Senator from New York [Mr. JAVITS] may be added as a cosponsor of this proposed legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

PEACEFUL USES OF ATOMIC ENERGY—AGREEMENT FOR COOPERATION WITH REPUBLIC OF PANAMA

Mr. PASTORE. Mr. President, as chairman of the Subcommittee on Agreements for Cooperation of the Joint Committee on Atomic Energy, I request unanimous consent to have printed in the RECORD copies of the following materials:

First. Letter, dated June 25, 1959, to Senator ANDERSON, chairman of the

Joint Committee, from John A. McCone, Chairman of the AEC;

Second. Proposed Agreement for Cooperation between the Government of the United States and the Government of the Republic of Panama concerning the peaceful uses of atomic energy;

Third. Letter, dated March 12, 1959, from the Commission to the President recommending approval of the agreement; and

Fourth. Letter, dated March 31, 1959, from the President to the Commission with his finding that the agreement would promote and will not constitute an unreasonable risk to the common defense and security, approving the agreement and authorizing its execution.

This agreement makes cooperation possible between the United States and the Republic of Panama on the design, construction, and operation of research reactors, including related health and safety problems; the use of such reactors in medical therapy; and the use of radioactive isotopes in biology, medicine, agriculture, and industry.

Mr. President, in accordance with the requirements of section 123 of the Atomic Energy Act of 1954, this agreement must lie before the Joint Committee on Atomic Energy for 30 days before it may become effective. It represents another link between our Government and friendly nations to work together for the development of the peaceful uses of atomic energy for the benefit of all our peoples.

There being no objection, the letters and agreement were ordered to be printed in the RECORD, as follows:

U.S. ATOMIC ENERGY COMMISSION,
Washington, D.C., June 25, 1959.

Hon. CLINTON P. ANDERSON,
Chairman, Joint Committee on Atomic Energy, Congress of the United States.

DEAR SENATOR ANDERSON: Pursuant to section 123c of the Atomic Energy Act of 1954, as amended, there is submitted with this letter:

1. An executed agreement for cooperation between the Government of the United States of America and the Government of the Republic of Panama concerning civil uses of atomic energy;

2. A letter dated March 12, 1959, from the Commission to the President recommending approval of the agreement; and

3. A letter dated March 31, 1959, from the President to the Commission containing his determination that it will promote and will not constitute an unreasonable risk to the common defense and security, approving the agreement, and authorizing its execution.

This agreement makes cooperation possible between the United States and the Republic of Panama on the design, construction, and operation of research reactors, including related health and safety problems; the use of such reactors in medical therapy; and the use of radioactive isotopes in biology, medicine, agriculture, and industry.

The Republic of Panama, if it desires to do so, may engage U.S. companies to construct research reactors, and private industry in the United States will be able, under the agreement, to render other assistance to the Republic of Panama. No restricted data would be communicated under this agreement.

The Atomic Energy Commission is authorized under article IV to lease to the Government of the Republic of Panama uranium enriched in the isotope U²³⁵ for use as fuel for research reactors. The quantity of

such uranium in the custody of the Government of the Republic of Panama at any time is not to be in excess of 6 kilograms of U²³⁵ contained in uranium enriched up to a maximum of 20 percent U²³⁵, plus such additional quantity as, in the opinion of the Commission, is necessary to permit the efficient and continuous operation of the reactors while replaced elements are cooling or in transit. Article V of the agreement would permit the Commission to transfer specified limited quantities of special nuclear materials, namely, U²³⁵, U²³³, and plutonium for defined research projects related to the peaceful uses of atomic energy.

Article VIII of the agreement records the obligations undertaken by the Government of the Republic of Panama to safeguard the special nuclear materials to be leased by the Commission and article IX contains the guarantees prescribed by section 123 of the Atomic Energy Act.

The agreement will enter into force when the two Governments have exchanged notifications that their respective statutory and constitutional requirements have been fulfilled.

Sincerely,

JOHN A. MCCONE,
Chairman.

AGREEMENT FOR COOPERATION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF PANAMA CONCERNING CIVIL USES OF ATOMIC ENERGY

Whereas the peaceful uses of atomic energy hold great promise for all mankind; and

Whereas the Government of the United States of America and the Government of the Republic of Panama desire to cooperate with each other in the development of such peaceful uses of atomic energy; and

Whereas the design and development of several types of research reactors are well advanced; and

Whereas research reactors are useful in the production of research quantities of radioisotopes, in medical therapy, and in numerous other research activities and at the same time are a means of affording valuable training and experience in nuclear science and engineering useful in the development of other peaceful uses of atomic energy including civilian nuclear power; and

Whereas the Government of the Republic of Panama desires to pursue a research and development program looking toward the realization of the peaceful and humanitarian uses of atomic energy and desires to obtain assistance from the Government of the United States of America and United States industry with respect to this program; and

Whereas the Government of the United States of America, acting through the United States Atomic Energy Commission, desires to assist the Government of the Republic of Panama in such a program;

The parties agree as follows:

ARTICLE I

For the purposes of this agreement:

(a) "Commission" means the United States Atomic Energy Commission or its duly authorized representatives.

(b) "Equipment and devices" means any instrument or apparatus and includes research reactors, as defined herein, and their component parts.

(c) "Research reactor" means a reactor which is designed for the production of neutrons and other radiations for general research and development purposes, medical therapy, or training in nuclear science and engineering. The term does not cover power reactors, power demonstration reactors, or reactors designed primarily for the production of special nuclear materials.

(d) The terms "restricted data," "atomic weapon," and "special nuclear material" are used in this agreement as defined in the

Department of Commerce and related agencies appropriation bill, 1960 (H.R. 7349)—Continued

Appropriation	1960 estimate	House bill	Senate bill	Conference action
TITLE I—DEPARTMENT OF COMMERCE—Continued				
BUREAU OF THE CENSUS				
Salaries and expenses.....	\$8,720,000	\$8,673,500	\$8,683,500	\$8,673,500
1958 censuses of business, manufactures, and mineral industries.....	6,049,000	6,000,000	6,000,000	6,000,000
18th decennial census.....	86,500,000	86,500,000	86,500,000	86,500,000
Total, Bureau of the Census.....	101,269,000	101,173,500	101,188,500	101,173,500
COAST AND GEODETIC SURVEY				
Salaries and expenses.....	14,100,000	14,000,000	14,100,000	14,050,000
BUSINESS AND DEFENSE SERVICES ADMINISTRATION				
Salaries and expenses.....	16,030,000	16,000,000	6,230,000	6,000,000
BUREAU OF FOREIGN COMMERCE				
Salaries and expenses.....	23,200,000	2,400,000	3,110,000	2,400,000
Export control.....	2,832,000	2,800,000	2,800,000	2,800,000
Total, Bureau of Foreign Commerce.....	6,032,000	5,200,000	5,110,000	5,200,000
OFFICE OF BUSINESS ECONOMICS				
Salaries and expenses.....	1,405,000	1,400,000	1,400,000	1,400,000
MARITIME ACTIVITIES				
Ship construction.....	129,000,000	130,250,000	130,250,000	130,250,000
Ship construction (liquidation of contract authorization).....		Language	Language	Language
Operating-differential subsidies.....	130,000,000	127,500,000	130,000,000	128,750,000
Voyage limitation.....	(2,040)	(2,040)	(2,600)	(2,400)
New operators and Great Lakes.....		(225)	(225)	(225)
Salaries and expenses.....	14,070,000	13,958,800	14,070,000	14,014,400
Limitations on:				
Representation allowance.....	(2,500)		(2,500)	(1,250)
Administrative expenses.....	(7,770,000)	(7,658,800)	(7,770,000)	(7,714,400)
Shipyard, reserve training facilities and warehouses.....	(1,400,000)	(1,400,000)	(1,400,000)	(1,400,000)
Reserve fleet.....	(4,900,000)	(4,900,000)	(4,900,000)	(4,900,000)
Maritime training.....	2,900,000	2,900,000	2,900,000	2,900,000
State marine schools.....	1,110,000	1,000,000	1,110,000	1,110,000
Vessel repair.....	(150,000)	(150,000)	(150,000)	(150,000)
Grants.....	(960,000)	(850,000)	(960,000)	(960,000)
Total, maritime activities.....	277,080,000	275,608,800	278,330,000	277,024,400
INLAND WATERWAY CORPORATION				
Administrative expenses limitation.....	(2,500)	(2,500)	(2,500)	(2,500)
PATENT OFFICE				
Salaries and expenses.....	22,000,000	22,000,000	22,000,000	22,000,000
BUREAU OF PUBLIC ROADS				
Limitation on general administrative expenses.....	(29,540,000)	(29,500,000)	(29,500,000)	(29,500,000)
Federal-aid highways (trust fund).....	(2,840,000,000)	(2,840,000,000)	(2,840,000,000)	(2,840,000,000)
Forest highways.....	² (37,100,000)		30,000,000	30,000,000
Public lands highways.....	³ (4,000,000)		4,000,000	4,000,000
Total, Bureau of Public Roads.....			34,000,000	34,000,000
NATIONAL BUREAU OF STANDARDS				
Research and technical services.....	17,500,000	17,250,000	17,250,000	17,250,000
Plant and facilities.....	1,715,000	1,715,000	1,715,000	1,715,000
Working capital fund.....	Language	Language	Language	Language
Total, National Bureau of Standards.....	19,215,000	18,965,000	18,965,000	18,965,000
WEATHER BUREAU				
Salaries and expenses.....	48,855,000	47,355,000	48,855,000	48,855,000
Establishment of meteorological facilities.....	3,000,000	2,500,000	2,500,000	2,500,000
Total, Weather Bureau.....	51,855,000	49,855,000	51,355,000	51,355,000
Total, title I.....	501,926,000	496,702,300	536,233,500	533,827,900
TITLE II—THE PANAMA CANAL				
Canal Zone Government:				
Operating expenses.....	18,934,000	18,900,000	18,900,000	18,900,000
Capital outlay.....	3,095,000	2,870,000	2,870,000	2,870,000
Total, Canal Zone Government.....	22,030,000	21,770,000	21,770,000	21,770,000
Panama Canal Zone Company: General and administrative expense limitation.....	(8,486,000)	(8,486,000)	(8,486,000)	(8,486,000)
General provision:				
Equipment transfer.....		Language	Language	Language
Consultant hire.....	(15,000)	(15,000)	(30,000)	(30,000)
Total, title II.....	22,030,000	21,770,000	21,770,000	21,770,000
TITLE III—INDEPENDENT AGENCIES				
St. Lawrence Seaway Development Corporation:				
Administrative expense, limitation.....	(415,000)	(414,200)	(414,200)	(414,200)
Official entertainment.....	(2,000)	(1,000)	(2,000)	(2,000)

Footnotes at end of table.

Department of Commerce and related agencies appropriation bill, 1960 (H.R. 7349)—Continued

Appropriation	1960 estimate	House bill	Senate bill	Conference action
TITLE III—INDEPENDENT AGENCIES—Continued				
Small Business Administration:				
Salaries and expenses.....	\$5,600,000	\$4,690,000	\$5,190,000	\$4,940,000
Transfers from—				
Revolving fund.....	(15,611,000)	(13,900,000)	(15,611,000)	(14,755,500)
RFC liquidation.....	(750,000)	(750,000)	(750,000)	(750,000)
Revolving fund.....	200,000,000	150,000,000	150,000,000	150,000,000
Grants for research and management counseling.....		Language	Language	Language
Total, Small Business Administration.....	205,600,000	154,690,000	155,190,000	154,940,000
Tariff Commission.....	2,035,000	2,135,000	2,135,000	2,135,000
Total, title III.....	207,635,000	156,825,000	157,325,000	157,075,000
Grand total, titles I, II, and III.....	731,591,000	675,297,300	715,328,500	712,672,900

¹ Includes \$300,000 for Office of Area Development.² Excludes \$600,000 for trade missions.³ To be derived from highway trust fund.

Mr. HOLLAND. Mr. President, I move that the vote by which the conference report was agreed to be reconsidered.

Mr. McGEE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. DIRKSEN. Mr. President, I submit an amendment to the mutual security bill. I expect to discuss the amendment at a later time, but I should like to have the amendment pending as of now.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 16, it is proposed to strike out from line 13 down to and including line 13, page 17, and insert in lieu thereof the following:

SEC. 203. CAPITALIZATION.—There is hereby authorized to be appropriated to the President at any time after enactment of the Mutual Security Act of 1959 without fiscal year limitation for advances to the Fund after June 30, 1959, not to exceed \$1,500,000,000 of which not to exceed \$700,000,000 may be advanced prior to July 1, 1960, not to exceed an additional \$500,000,000 may be advanced prior to July 1, 1961, and not to exceed an additional \$300,000,000 may be advanced prior to July 1, 1962.

SECRECY IN GOVERNMENT

Mr. McGEE. Mr. President, I call the attention of the Senate to a very brilliant article entitled "Secrecy in Washington," written by Mr. Clark R. Mollenhoff, and published in Atlantic magazine for July, 1959.

The article deals with the very serious implications of the executive privilege and the separation of powers, which is very much on the minds of Members of Congress these days.

These questions reared their heads once again during the debate in this Chamber on the question of confirmation of the nomination of Lewis L. Strauss. The article selects what really

is the center of the controversy which developed around the appointment of Mr. Strauss. That controversy had nothing to do with Mr. Strauss as a person, but it had a great deal to do with the question of secrecy in the executive branch of the Federal Government.

The article points out an issue which will be of very great importance for our consideration long after the heat of the debate on the nomination of Mr. Strauss has subsided; and that is the issue of the people's right to know.

Therefore, Mr. President, I believe my colleagues will profit from, and will enjoy, as I did, this stimulating article from the pen of Clark Mollenhoff. I ask unanimous consent that the article be printed in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SECRECY IN WASHINGTON (By Clark R. Mollenhoff)

Five years ago a precedent was established that constitutes one of the greatest threats to freedom of the press in our time. This precedent has created an atmosphere in which influence peddling can flourish, in which errors or crimes by government officials can be concealed. It weakens the power of Congress to investigate how our Government agencies operate and to inform us of these operations.

The "executive privilege" doctrine as proclaimed by the Eisenhower Administration is simply this: Officials of the executive branch of the Government can refuse to produce government records or testify before a congressional committee if they believe the information sought is "confidential executive business."

President Eisenhower has said that executive privilege could never be used to cover up crimes or mismanagement in government. It was only to allow persons in the executive branch to consult with each other in a frank manner and not have to worry about their views being put on the record of a congressional committee, the President said naively. As he explained it, the executive privilege seemed innocent enough. But, in practice, officials of his administration have used this blanket of secrecy to cover up crimes, mismanagement, "imprudence," "conflicts of interests," and a wide variety of embarrassing activities.

The International Cooperation Administration (IOA), for example, has used executive privilege to conceal corruption and mismanagement in the spending of foreign aid. In the case of Laos and a half-dozen other

countries, the ICA claimed executive privilege in refusing to give the General Accounting Office (GAO) auditors copies of evaluation reports and internal communications in the agency.

The waste in Laos ran into the millions, and the corruption included admitted payoffs. Until the House Government Operations Subcommittee, headed by Representative PORTER HARDY of Virginia, subpoenaed the records of two private business firms, the ICA used executive privilege to conceal the fact that subordinates had warned against the possibility of fraud, profiteering, and mismanagement if top ICA officials in Laos insisted on signing certain contracts.

Several congressional committees have condemned the doctrine of executive privilege as having no foundation in law, and the Moss Subcommittee on Government Information Policy has repeatedly asked the Department of Justice for legal justification for this doctrine of secrecy.

Attorney General William P. Rogers has cited no law and no court cases to support this doctrine, but has claimed that an inherent power gives the executive branch this right. Instead of modifying executive privilege, Rogers has sought to expand it. In March 1958, he told a Senate Judiciary Subcommittee that executive privilege could also be claimed by the so-called independent regulatory agencies: the Federal Communications Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Federal Power Commission, the Securities Exchange Commission, and the Civil Aeronautics Board. These regulatory agencies were set up as arms of Congress, and to many Members of Congress it was inconceivable that such agencies were not subject to a full scrutiny by Congress at any time.

Administrations have always tried to avoid making embarrassing admissions before committees of Congress, but for the most part it has been a matter of dodging congressional investigators. In the past there has been no serious claim of a right to refuse to testify or produce records.

It was on May 17, 1954, that the doctrine of executive privilege was dramatically broadened. This took place during the Army-McCarthy hearings, and it was justified on the premise that it was a blow at Senator Joseph McCarthy. President Eisenhower, in a letter to Defense Secretary Charles E. Wilson, approved the idea of having Army Counsel John Adams refuse to testify on some conversations with William P. Rogers, then the Deputy Attorney General, and with Sherman Adams, the President's Chief Assistant.

The President took this stand "because it is essential to efficient and effective adminis-

involved in the Air Force refusal to give records to the GAO. "I believe that every investigation committee of Congress, every * * * auditing office like the GAO, should always have an opportunity to see official records if the security of our country is not involved," the President replied, taking what seemed like a forthright view.

But, a week later, the President backed the Air Force and declared that under executive privilege the GAO could be arbitrarily barred from examining records. "In my judgment, the public interest is not necessarily served by divulging the advice, suggestions, or recommendations which subordinate employees periodically make to their superiors," the President wrote, in what seemed a complete switch of position.

The basic question now is this: Can the President or his department heads arbitrarily override a specific law of the Congress which requires the production of records of "financial transactions and methods of business" in all agencies? It is a vital problem of Government, and it is certain to emerge periodically in the 86th Congress as investigating committees try to carry out their function. By mid-1959, it was obvious that President Eisenhower would not take steps to correct the situation voluntarily. He is standing behind the members of his team who are responsible for this mushrooming evil.

Comptroller General Campbell and the leadership in the Congress have the responsibility to find a solution. Although the Comptroller General and some committees of Congress are trying to force the issue, they are receiving little help from the majority of the Members of Congress and the leadership. So far, secrecy has not become enough of a personal inconvenience to Senate Leader LYNDON JOHNSON or House Leader SAM RAYBURN for the two Texans to raise any fuss about it.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. MCGEE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HART in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HART in the chair). Without objection, it is so ordered.

RESOLUTION BY VIRGINIA BANKERS ASSOCIATION HONORING SENATOR ROBERTSON

Mr. FULBRIGHT. Mr. President, at its annual convention at Hot Springs, Va., on June 19, 1959, the Virginia Bankers Association adopted a resolution tendering its gratitude and congratulations to the junior Senator from Virginia [Mr. ROBERTSON] on his services with honor in various offices throughout the Commonwealth of Virginia and, particularly, his efforts as a member of the Senate Committee on Banking and Currency, chairman of its Subcommittee on Banking and his recent elevation to the position of chairman of the full committee.

I have served with the Senator from Virginia on the Committee on Banking and Currency for 12 years during which time I have had an opportunity to observe his services on that committee and to conclude that the resolution of the Virginia Bankers Association is very appropriate and deserved.

I extend my own congratulations to the Senator from Virginia on this resolution and ask unanimous consent that the text of the resolution be printed in the RECORD at this point.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

EXCERPT FROM RESOLUTIONS PASSED BY THE VIRGINIA BANKERS ASSOCIATION IN CONVENTION ASSEMBLED AT HOT SPRINGS, VA., JUNE 19, 1959

Whereas the able junior U.S. Senator from Virginia, the Honorable A. WILLIS ROBERTSON, has served with honor in various offices throughout the Commonwealth of Virginia; and

Whereas his services have greatly added to the effectiveness and constructive effort of the U.S. Senate Committee on Banking and Currency as chairman of its subcommittee on Banking; and

Whereas in the 86th Congress in session he has been elevated to the position of chairman of the Senate Committee on Banking and Currency; and

Whereas through all of these services he has distinguished himself and brought further honor and renown to the Commonwealth and to the Nation;

We, hereby, tender our expression of gratitude and offer our heartiest congratulations to the Honorable A. WILLIS ROBERTSON on his accomplishments.

RETIREMENT OF GEN. MAXWELL D. TAYLOR

Mr. THURMOND. Mr. President, yesterday our defense forces suffered a severe loss in the retirement of Gen. Maxwell D. Taylor. Few, if any, have served in the Armed Forces with more distinction and with a more substantial record of service than has General Taylor. A reading of the details of his wartime service would lead one who was not acquainted with him to believe his exploits were fiction. The valor which he displayed will stand forever as an example to the members of the fighting forces of our country.

General Taylor's wartime service in 2 wars, however, is only a small part of the contribution he has made to our national defense. His vision and leadership demonstrated in position of high command, particularly as Chief of Staff of the Army, have contributed immeasurably to the strength and defense of both our Nation and to the entire free world. His service in peace, as well as in war, has been exemplary and in the highest traditions of a professional soldier.

General Taylor is still a young man, despite the fact that he has served almost 41 years in uniform for his country. Although his services will no longer be in the official ranks of the armed services, I am sure that the benefits of his experience and knowledge will continue to accrue to the people of our country and the free nations of the world, regardless of

the capacity in which he chooses to serve in his retirement. I wish to join with the many others who have expressed their deep gratitude for his services and their best wishes to him during his retirement.

Mr. MONRONEY. Mr. President, yesterday one of the truly great generals, Gen. Maxwell Davenport Taylor, left his command and went into retirement. General Taylor's parents have lived in Oklahoma for many years and we claim him as one of our own. He fulfilled the great expectations we had for him in his service as Chief of Staff of the Army. He not only is a great military man with a far-seeing understanding of the defense needs of all the branches of the service, but he also is a soldier-statesman and a scholar.

Mr. President, many excellent articles have been published in regard to the retirement of General Taylor. I ask unanimous consent to have three of them printed in the RECORD. The first is an article from the Evening Star of June 30, 1959, entitled "General Taylor Closes Career, Balked on Modern Army." The second is a tribute paid to General Taylor in an editorial in the Washington Daily News of June 26, 1959, entitled "Gen. Maxwell Taylor."

The third is an excellent column written by Peter Edson, published in the Washington Daily News of June 26, 1959, entitled "Bow to a Fine General."

There being no objection, the articles and editorial were ordered to be printed in the RECORD, as follows:

[From the Washington Evening Star, June 30, 1959]

GENERAL TAYLOR CLOSURES CAREER, BALKED ON MODERN ARMY

(By L. Edgar Prina)

Gen. Maxwell Davenport Taylor walked out of his Pentagon office for the last time today, winding up a distinguished career of 37 years in the Army, the last four as Chief of Staff.

The 57-year-old scholar-soldier departs a disappointed, frustrated man for much the same reasons as did the tough paratrooper he succeeded, Gen. Matthew Ridgway. But he carries no bitterness with him.

While General Taylor had little tangible success in pressing for modernization of the Nation's ground forces, he leaves a legacy of provocative ideas for the Pentagon's top hierarchy to weigh in the years ahead.

The general long has preached the danger of limited war and the need for the United States to strengthen its conventional forces. In this he has had the support of the Navy and Marine Corps.

The makers of national defense policy have given lip service to these needs, but the military budget, in the Army chief's opinion, continue to reflect the lop-sided dominance of massive retaliation as the keystone of our strategy.

WOULD BUDGET MISSIONS

General Taylor will be remembered at the Pentagon as a strong and articulate advocate. Among other things the outgoing Chief of Staff has urged:

1. That defense budgeting be done horizontally on a mission basis rather than vertically for each arm of the services. For example, continental air defense would be considered as a unit and funds requested for the mission rather than for pieces of it as contributed by the Army, Navy, and Air Force.
2. That the Joint Chiefs of Staff be given responsibility to consider directly the de-

fense budget, something they do not now do. Legally, the JCS should examine the internal programs of each of the services.

3. That we go slow on merger of the Armed Forces into a single service because such a move will not magically solve vital national security problems.

UP TO SUCCESSOR

General Taylor has been a loyal team player as Army chief. He never got around to sharp public criticism of military policy as Lt. Gen. James Gavin did. Even in his farewell at the National Press Club last week, he used a parable to urge that President Eisenhower and Defense Secretary McElroy take a firmer hand on things at the Pentagon.

When General Gavin quit, he said he did so because he believed he could help the Army outside its ranks more than in uniform.

General Taylor, however, feels he has made his position clear and that it is now up to his successor, Gen. Lyman L. Lemnitzer to carry the ball. In fact, he takes a dim view of old soldiers who, no longer in the swim, pop off and offer free advice.

Yesterday, General Taylor flew to Fort Campbell, Ky., to bid a sentimental farewell to the 101st Airborne Division which he commanded in World War II. There he reminisced with some of the paratroopers he led in combat through Normandy, Holland, and Bastogne.

Today, Army Secretary Wilber M. Brucker and other top Army officials will bid the general goodbye at a ceremony at Fort Myer, Va. The First Battle Group, 3d Infantry (The Old Guard) will march and the Army Band will play.

[From the Washington News, June 26, 1959]

GEN. MAXWELL TAYLOR

The United States is about to lose the services of one of its finest soldiers—Gen. Maxwell Taylor, Chief of Staff of the Army for the last 4 years. He is retiring next Tuesday at the peak of his career. He is only 57 and looks at least 10 years younger.

One of the problems of American military service is the loss of men like General Taylor—a linguist, scholar and diplomat—at a time when they should be able to make their major contribution to their country.

It is no secret here in Washington that one of the major reasons he is leaving is the accumulated frustration of 4 years on the Joint Chiefs of Staff. The continuous debate—without any solution—over our strategic problems ultimately wears any man down, especially when his own views are consistently on the losing side.

As General Taylor said at his farewell appearance before the National Press Club, he has strenuously disagreed and unsuccessfully opposed the decision to put major reliance on the doctrine of "massive retaliation." His parting appeal was for an early and urgent complete reappraisal of our military strategic objectives. No such reappraisal is in sight.

A Taylor story intimates the atmosphere at the Pentagon, with its rivalries and inability to get agreements.

Papers evaluating an Army officer came to General Taylor's desk and one of the comments made about this man was: "Often confused when given conflicting orders."

General Taylor said he immediately wrote on the papers: "Not qualified for duty in Washington."

[From the Washington News, June 26, 1959]

BOW TO A FINE GENERAL

(By Peter Edson)

Gen. Maxwell Davenport Taylor, who retires June 30 as U.S. Army Chief of Staff, told a National Press Club audience one

of the real reasons he was quitting the service.

"For 4 years," said the brilliant general, "I've struggled to the best of my ability to modernize the U.S. Army, and my success has been limited. There's one thing I could do for the cause. I could withdraw one obsolescent general. And that I propose to do."

General Taylor admits that he is leaving most of his problems to his successor, Gen. Lyman L. Lemnitzer.

But this raises the question of why the United States has to lose the services of a General Taylor. He is only 61. He is in excellent health. He has announced no definite plans for the future. Somewhat facetiously, he says he is open to offers of 100,000-a-year jobs in private industry, to which many another old soldier has not so quietly faded away.

General Taylor might soon have become eligible for appointment as chairman of the Joint Chiefs of Staff, as it is the Army's turn to head JCS next.

Gen. Nathan Twining, of the Air Force, present JCS chairman, is recovering from a cancer operation. He is not expected to return to active duty for another month. His present term expires August 14. He has been reappointed for another 2-year term which he may or may not fill.

In retiring to private life, General Taylor may do some writing, to see if he can put over that way some of the ideas he could not put over while still in uniform.

One of the great problems on which General Taylor was apparently frustrated is the need for a complete reappraisal of U.S. military and strategic objectives.

He believes that the strategic concept of massive retaliation has now been invalidated.

He thinks there should be a new determination of the kinds of forces the United States needs for strategic retaliation, for continental air defense, for limited wars on the ground, and for new ant submarine warfare.

Having determined these things, General Taylor thinks that the entire budget-making processes in Department of Defense should be recast. He thinks that budgeting should be done not in terms of how much for Army, Navy, and Air Force. It should be done in terms of military functions.

Like Gen. Matthew B. Ridgway, who preceded him, General Taylor leaves his position as Army Chief of Staff with some feeling that his mission has not been fully accomplished. A man can butt his head against a stone wall just so long. Then he bows out as gracefully as he can.

GOVERNMENT BOND INTEREST

Mr. BUSH. Mr. President, I should like to invite the attention of my colleagues to an editorial published in the New York Times of this morning entitled "Government Bond Interest." The editorial relates to the proposal to abolish the interest rate ceilings on Government bonds, which is a subject under consideration by the House Committee on Ways and Means at the present time. Apparently the committee members are close to an agreement. I hope they will reach an agreement. I also hope Senators will have an opportunity to read this editorial.

There are two things I observed in the House hearings which bear upon this subject very importantly.

First, the Government even now, with a fixed interest rate of 4½ percent, could

issue long-term bonds at a discount, and thus evade the 4½ percent yield limitation, but the Government does not want to do that, since it appears to be against the will of Congress to do so. I think the Government is acting properly in trying to get Congress to give the necessary authorization in this regard.

The other point which has come out in the House hearings—I think Senators should understand this, because we will have to deal with the matter very soon—is that with \$70 billion worth of financing in the next fiscal year by the Treasury, unless the lid is taken off the interest rate we may force the short-term interest rates higher than the long-term interest rates, or higher than 4¼ percent, thus having an effect of unnecessarily increasing the total cost.

I hope Senators will read this editorial, and will consider the two matters I have brought to the attention of the Senate, which have come out in the House hearings.

Mr. President, I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

GOVERNMENT BOND INTEREST

Representative WILBUR MILLS and other senior Democrats on the House Ways and Means Committee have reportedly come to the sensible and responsible conclusion that the administration's request to abolish interest rate ceilings on Government bonds should be granted. But they are also reported to be under heavy pressure from the rank and file of the party to refuse this assent, under a threat of defeat of the legislation in the House.

It is difficult to imagine that in a final showdown a majority of the Members of Congress, acting out of ignorance or ancient prejudice or pure partisan politics, should act to hamstring the Treasury. This is a matter of great seriousness. While the value of the dollar would not evaporate if the Treasury were forced to sell only short-term securities for a few more months, such a condition could not continue for long without frustration of the whole mechanism of financial restraints on which the dollar is founded. Allan Sproul, the great central banker who used to head the New York Federal Reserve Bank, has recently called the past year's flood of short-term issues frightening, and he is right.

Obviously the Treasury must do a better job of education to persuade doubtful Members of the elemental facts involved, including the fact that this legislation will not be a cause of higher overall interest rates for private borrowers. But in the end the key role will fall to Mr. MILLS, Speaker RAYBURN, Senator JOHNSON and the other leaders of the party. Passage of this legislation is a difficult thing to ask of the Democratic leadership, but the very essence of leadership is assumption of responsibility on the tough ones.

EXTENSION OF RENEGOTIATION ACT—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, on behalf of the able Senator from Virginia [Mr. BYRD] I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7086) to extend the Renegotiation

Act of 1951, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of June 30, 1959, p. 11229, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. JOHNSON of Texas. Mr. President, I have conferred with the minority leader [Mr. DIRKSEN] and with the distinguished ranking minority member of the committee [Mr. WILLIAMS of Delaware]. The Senators tell me they are agreeable to having the conference report acted upon at this time.

I will say, in explanation of my request, I am informed by the chairman of the committee [Mr. BYRD of Virginia] which I believe will be confirmed by the minority member of the committee [Mr. WILLIAMS of Delaware] that the report merely extends existing law with two brief changes. First, it would permit losses to be carried over for 5 years, as is the case in connection with the tax law; and, second, it would provide for a study of the whole field.

The chairman of the committee is very anxious to have this noncontroversial conference report acted upon, and if it meets with the pleasure of the Senate, I should like to have it agreed to.

Mr. WILLIAMS of Delaware. Mr. President, the Senator from Texas has explained the conference report very well.

Under the conference agreement, section 1 provides for a 3-year extension of the Renegotiation Act of 1951.

Section 2 of the conference agreement provides a 5-year carry-forward—in lieu of the present 2-year carry-forward—of a renegotiation loss to any fiscal year ending after December 31, 1958. The 5-year carry-forward will apply only if the loss arose in a fiscal year which ended on or after December 31, 1956.

Section 3 of the conference agreement provides that the General Counsel of the Renegotiation Board is to receive compensation at the rate of \$15,000 per annum.

Section 4 of the conference agreement provides for the studies explained above in connection with the discussion of section 4 of the Senate amendment.

It is the understanding of all the conferees both on the part of the House and on the part of the Senate that all matters dealt with in the House bill and in the Senate amendment which are not included under the bill as agreed to in conference are specifically referred to the Joint Committee on Internal Revenue Taxation to be included in the study required under section 4(b) of the bill as agreed to in conference. The results of that portion of the study which relates to these matters are to be reported at the earliest date practicable, without regard to the fact that the overall report

required by section 4(b) of the conference agreement is to be made not later than March 31, 1961.

It is also the intent of all the conferees that no inference is to be drawn, with respect to the rights of contractors and subcontractors—whether in pending cases or otherwise—from the fact that provisions which were included either in the House bill or in the Senate amendment are not included in the conference agreement. For example, section 4 of the House bill provides that a contractor may inspect certain documents in the possession of the Renegotiation Board. The fact that section 4 of the House bill is not included in the bill as agreed to in conference should not be construed as affecting in any way any right which a contractor may have under existing law or legal processes to obtain such documents or any other data.

This was a unanimous report, and I urge that it be adopted.

Mr. BYRD of Virginia. Mr. President, the House bill contains six sections, including the right of appeal from the Tax Court to the Court of Appeals of the District of Columbia. The Senate bill struck out the text of the House bill and substituted therefor a new text of four sections. The House conferees accepted all of the Senate amendments with the exception of section 2 relating to nonstatutory profit limitation provisions. Each of the sections of the Senate bill will be discussed separately, with a statement as to the House action.

Section 1 of the Senate bill extended the renegotiation law for a period of 3 years, that is, until June 30, 1962. The House conferees accepted this amendment in lieu of a House provision which extended the Renegotiation Act for a period of 4 years.

Section 2: This section of the House bill was designed to prevent the departments from inserting profit limitations in contracts or subcontracts, the receipts or accruals from which were subject to renegotiation on an annual basis. The renegotiation law specifically provides that the profit limitation provisions of the Vinson-Trammell Act and of section 505(b) of the Merchant Marine Act shall be suspended with respect to any contract or subcontract if any of such receipts or accruals are subject to the Renegotiation Act. It appeared that despite the suspension of these profit limitations, the departments were nevertheless inserting profit limitations in certain contracts or subcontracts which were also subject to renegotiation. The Senate amendment was designed to prevent a duplication of the determination of reasonable profits, both at the contract level and also at the renegotiation level.

The representatives of the Defense Department and the Maritime Administration who were present at the conference objected to this amendment, and the House conferees refused to accept it in its present form. An agreement was worked out between the conferees whereby it was specifically referred to the Joint Committee on Internal Revenue Taxation for further study, with instructions

to report on the matter as soon as practicable. I am disappointed that we were forced to agree to the elimination of this Senate amendment, but I wish to assure the Senate that it was eliminated without prejudice and the matter will be reconsidered at an early date.

Section 3: This section of the Senate bill increased the salary of the General Counsel for the Renegotiation Board to make it conform with the salaries of other general counsels engaged in handling renegotiation matters. The House conferees accepted this amendment.

Section 4: This Senate amendment directed the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives, or duly authorized subcommittees thereof, to make full and complete studies of the procurement policies and practices of the Department of Defense, the Department of the Air Force, the Department of the Army, and the Department of the Navy; and further directed the Joint Committee on Internal Revenue Taxation to make a full and complete study of the Renegotiation Act and the policies and practices of the Renegotiation Board. The House conferees agreed to this amendment.

In conclusion, I wish to state that the House conferees agreed to all of the Senate amendments with the exception of section 2, relating to nonstatutory profit provisions. The House conferees yielded on all of the sections of the House bill with the exception of section 3, relating to a 5-year carryforward of renegotiation losses.

Mr. CARLSON. Mr. President, I wish to state that the Senate conferees very reluctantly agreed to the elimination of the Butler amendment. We were assured by both the House conferees and the Senate conferees that the Joint Committee on Internal Revenue Taxation would proceed immediately to consider the matter. Senators will notice, in the report, a study is to be made and there is to be a report to the committee.

Mr. FREAR. Mr. President, certainly the statement made by the able Senator from Kansas [Mr. CARLSON] is very accurate. It was with great reluctance that the Senate conferees agreed to the House position on that matter. We gave up what the Senate had already adopted in the Butler amendment, but we did so with ample assurance on the part of the House conferees and assurance on the part of the Senate conferees that this matter certainly will be studied. I hope that will be satisfactory to the Senator from Maryland [Mr. BUTLER].

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, is the pending amendment the Dirksen amendment?

The PRESIDING OFFICER. The Chair is advised that it is.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Dirksen amendment may be temporarily laid aside and that I may offer an amendment for consideration, on behalf of myself, the Senator from Montana [Mr. MANSFIELD], and the Senator from Wisconsin [Mr. WILEY], on which I should like to make a brief statement.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. DIRKSEN. Mr. President, I have no objection, if we can have unanimous consent that my amendment will be re-instated after consideration of the amendment of the majority leader.

The PRESIDING OFFICER. Is there objection to the unanimous consent request? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I send the amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 30, between lines 2 and 3, it is proposed to insert a new chapter, as follows:

CHAPTER VI—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

STATEMENT OF PURPOSE

SEC. 601. The purpose of this chapter is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as "the East") through cooperative study and research, by establishing in Hawaii a Center for Cultural and Technical Interchange Between East and West, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the East and the Western World may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III, of chapter 2, of the Mutual Security Act and other Acts promoting the international educational, cultural, and related activities of the United States.

ESTABLISHMENT OF CENTER

SEC. 602. (a) In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as Secretary), after consultation with appropriate public and private authorities, shall on or before January 3, 1960, prepare and submit to the Congress a plan and program which shall provide for—

(1) the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West through arrangements to be made with public, educational, or other nonprofit institutions;

(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and Western World as may be necessary to attract such scholars and authorities to the Center;

(3) grants, scholarships, and other payments to qualified candidates from the nations of the East and West as may be necessary to enable such students to engage in study at the Center; and

(4) making the facilities of the Center available for study to other qualified persons on a reasonable basis.

AUTHORIZATION OF APPROPRIATIONS

SEC. 603. There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this chapter.

On page 30, line 3, strike out "Chapter VI" and insert "Chapter VII".

On page 30, line 5, strike out "SEC. 601" and insert "SEC. 701".

On page 31, line 22, strike out "SEC. 602" and insert "SEC. 702".

On page 32, line 14, strike out "SEC. 603" and insert "SEC. 703".

On page 32, line 23, strike out "SEC. 604" and insert "SEC. 704".

Mr. JOHNSON of Texas. Mr. President, the amendment I now offer is designed to speed the process of creating in Hawaii a Center for Cultural and Technical Interchange between the East and West.

This amendment is, in effect, the bill that has been approved after careful study by the Senate Foreign Relations Committee. It would direct the Secretary of State to submit to Congress by January 3, 1960, a specific plan for establishing the center.

The sponsors of the measure—myself, the junior Senator from Montana [Mr. MANSFIELD], and the senior Senator from Wisconsin [Mr. WILEY]—offer the measure as an amendment to expedite the legislative process.

Mr. President, this measure is designed to take advantage of the unique opportunity that is afforded to us by Hawaii. The islands can become a badly needed bridge between the rich cultures of the East and the West.

Hawaii has already contributed richly to the economy of our Nation in peace and to the Armed Forces of our Nation in war. Now its opportunities to add to the strength of the United States are to be increased many times by statehood.

There is another opportunity, however, that is also available. It is to play a direct role in breaking down the barriers that keep men apart and that promote international tensions.

There would be no cold war if men could come together in mutual understanding and trust to exchange ideas. This could be a world in which men could cooperate for the benefit of all instead of dividing for mutual destruction.

Both the East and the West have rich heritages of cultural tradition. For centuries, the scholars of the two hemispheres have sought to expand the boundaries of human knowledge.

Unfortunately, throughout those same centuries men have erected walls so people will walk apart. The walls were always foolish. But now we have reached a point where survival itself requires that they be torn down.

The Hawaiian Islands have long been known as the crossroads of the Pacific. They have been the meeting place for the people of Asia and the people of the Western Hemisphere.

These people have proved that they can live together in peace and understanding. And they can help others to achieve the same understanding.

This measure would lay down guide lines for the Secretary of State. He would be required to submit a plan which would accomplish the following objectives:

First, to create the center through arrangements with public, educational or other nonprofit institutions.

Second, to provide grants, fellowships and other inducements to enable outstanding scholars and authorities from the whole world to come together at the center.

Third, to provide grants, scholarships and other payments to enable students from both the East and the West to engage in study at the center.

Fourth, to make the facilities of the center available to other qualified persons on a reasonable basis.

Mr. President, this is a modest proposal from which we can reap great benefits. It is an investment in the future of mankind—and we can expect rich returns on the investment.

This measure is identical to that which has been introduced in the House by the Delegate from Hawaii [Mr. BURNS]. I urge its adoption.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the senior Senator from Texas [Mr. JOHNSON] for himself and other Senators.

Mr. DIRKSEN. Is that the pending question?

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois has been temporarily laid aside.

Mr. DIRKSEN. I understand that the pending question, then, is the amendment offered by the majority leader, the Senator from Texas [Mr. JOHNSON], which displaces the amendment which I offered to the mutual security bill. My understanding was that when the Johnson proposal had been disposed of, the Dirksen amendment would then be pending.

The PRESIDING OFFICER. That is also the understanding of the Chair.

Mr. DIRKSEN. Mr. President, I am fully aware of the fact that most of the members of the Committee on Foreign Relations are attending a session in their

committee room with a Deputy Premier of the Soviet Union, but for the benefit of Senators who are in the Chamber at the moment I could make a preliminary statement concerning my amendment.

The amendment deals wholly with section 202 of the bill, which relates to the Economic Development Loan Fund.

Mr. JOHNSON of Texas. Mr. President, if the Senator from Illinois will permit, I should like to give an explanation of the amendment I have offered.

It is anticipated by the Foreign Relations Committee, and it is expected by the authors of the amendment, that when the Secretary prepares and submits to the Congress a plan and program for the establishment in Hawaii of an institution to be known as the Center for Cultural and Technical Interchange between the East and the West, the Secretary shall accompany that plan and program with any recommendations which he may consider to be pertinent, and to inform the Congress as to the feasibility and desirability of the entire program envisioned by this amendment.

The committee feels rather strongly, I believe, that it wants the Secretary's recommendations in this respect; and I have stated to members of the committee that I would make it abundantly clear in the RECORD that when the Secretary submits his plan and program, as directed, he will also submit his recommendations.

I am directed by the chairman of the Foreign Relations Committee, who is engaged in a very important conference in the Foreign Relations Committee room, to say that this amendment is entirely acceptable to him.

I should like to have the Senate act on the amendment.

Mr. LAUSCHE. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. LAUSCHE. Am I to understand from the statement which has been made by the Senator from Texas that the Secretary of State will be expected to make a study of all the circumstances and, in connection with submission of the plan which he has been directed to prepare, will submit his recommendations—either affirmative or negative—dealing with the feasibility and the desirability of the plan?

Mr. JOHNSON of Texas. The Senator from Ohio is correct. The Secretary will be expected to do so.

I may say that I have talked personally to Secretary Herter. He told me he was informed of this proposal while he was in Geneva; and he immediately sent his approval, by langhand letter, to the Department, and informed it that he felt this was a very desirable project.

I have no doubt that the Secretary would not consider for a moment preparing or submitting a plan or a program which he did not think desirable, and which he did not approve.

So I expect the Secretary to proceed accordingly.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas [Mr. JOHNSON].

The amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. MANSFIELD. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. DIRKSEN. Mr. President, I had started to explain my amendment when I yielded so that the majority leader could get action on his amendment.

The amendment I have offered has no other purpose than to serve as a substitute for the provision which was reported by the Foreign Relations Committee.

By way of prelude, I may say, Mr. President, that the emphasis, as indicated in the bill, on economic development and on loans is at once timely and desirable. The question is only how it shall be worked out, in order to be acceptable and effective.

The committee provision calls for an economic development program for a period of 5 years, at not to exceed \$1 billion a year; and in that program the Treasury is not only authorized, but is directed, for a period of 5 fiscal years, to make loans to the Development Loan Fund.

Incidentally, that would be cumulative for that period of years, so that if all the money in a given year were not expended or loaned, it would be carried over, and would become available for loan and for expenditure in the following year. That has sometimes been referred to as the back-door approach to the Treasury.

In all candor, I must say that the impact of either the one method or the other upon the pocketbook of the taxpayer will be precisely the same. The only question is whether we follow accepted appropriation techniques which we have always followed in the interest of proper surveillance and supervision, or whether we authorize and direct the Treasury to loan this money. So certainly the line of responsibility with respect to the Congress is not quite so clear and thin, and, I think, not so responsive as it would be if we authorized an appropriation.

The question, then, is how, within the limits of the appropriation technique, we can obtain continuity of this program, and at the same time can provide all the funds necessary and desirable according to the President, who actually would be the one who would direct the expenditure of this money or would designate the person who would do so.

Mr. President, the purpose of the amendment in the nature of a substitute is to achieve some continuity in the program and still preserve the appropriation technique and supply the funds which are desirable and necessary and which the President thinks necessary.

First, the amendment authorizes an appropriation to the President. It does not provide any year limitation. It provides for an appropriation of not to

exceed \$1,500 million. So it would reduce the program from 5 years to 3 years, and it would reduce the amount committed from \$5 billion to \$1,500 million. Then the amendment provides that not to exceed \$700 million shall be advanced to the Fund prior to July 1, 1960; not more than \$500 million shall be advanced to the Fund prior to July 1, 1961; and not more than \$300 million shall be advanced to the Fund prior to July 1, 1962. That makes an aggregate or total of \$1,500 million, over a period of 3 years, in increments of \$700 million, \$500 million, and \$300 million.

Mr. MANSFIELD. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. MANSFIELD. I must apologize to the distinguished minority leader for not being on the floor when the amendment was submitted.

However, from listening to his explanation of the amendment, I gather the impression that his amendment would reduce the time or the period for the Development Loan Fund from 5 years to 3 years.

Mr. DIRKSEN. That is correct.

Mr. MANSFIELD. And from \$5 billion for the 5 years—or \$1 billion a year—to \$1,500 million?

Mr. DIRKSEN. Yes, and for 3 years.

Mr. MANSFIELD. For 3 years?

Mr. DIRKSEN. Yes.

Mr. MANSFIELD. Under the amendment, the amount the Senator from Illinois is advocating for the fiscal year 1960 is \$700 million, I understand.

Mr. DIRKSEN. That is correct.

Mr. MANSFIELD. How would the remaining \$800 million be distributed over the next 2 years?

Mr. DIRKSEN. \$500 million in the following fiscal year, and \$300 million in the third fiscal year.

Mr. MANSFIELD. I thank the Senator from Illinois.

Mr. LAUSCHE. Mr. President, will the Senator from Illinois yield for a question?

The PRESIDING OFFICER (Mr. BARTLETT in the chair). Does the Senator from Illinois yield to the Senator from Ohio?

Mr. DIRKSEN. I yield.

Mr. LAUSCHE. In connection with the plan contained in the bill and the plan proposed by the Senator from Illinois, under the plan now before the Senate, would there be a mandate that each year \$1 billion would be borrowed from the Treasury? Is that correct?

Mr. DIRKSEN. That is correct.

Mr. LAUSCHE. Under the existing plan, would the item go to the Appropriations Committee each year?

Mr. DIRKSEN. Yes; under the plan I submit, there will be an authorization for an appropriation.

Mr. LAUSCHE. And each year the Appropriations Committee would have to approve the authorization and either reduce it or reject it?

Mr. DIRKSEN. It would have—in fact—to report the appropriation in whatever amount it might see fit.

Mr. LAUSCHE. How does that differ from the procedure under the plan in the pending bill?

Mr. DIRKSEN. The bill in this respect reads as follows:

The Secretary of the Treasury is authorized and directed to make, during the fiscal years 1960 through 1964, loans to the Fund in amounts needed to cover obligations incurred against the Fund.

That, in its entirety, directs the Treasury to make those loans.

Mr. LAUSCHE. That means that under the provisions of the pending bill, it will become mandatory each year, regardless of what the Appropriations Committee does, to make \$1 billion available for the plan; is that correct?

Mr. DIRKSEN. Yes. The Appropriations Committee would have nothing to say about the amount.

Mr. LAUSCHE. Then, under the plan set forth in the pending bill, the Appropriations Committee would be circumvented in the performance of its duties and obligations, as contemplated by law.

Mr. DIRKSEN. Exactly so. This is an authorization bill, and the amendment is nothing more than an authorization. It reads:

There is hereby authorized to be appropriated to the President—

And so forth. So Senators will see that once the authorization is made, within top limits and bottom limits, for a 3-year fiscal period, then of course it will still be the business of the Appropriations Committee to pass upon the appropriations which are requested within the limits, because the overall limit is "not to exceed \$1,500 million."

Mr. LAUSCHE. For 3 years?

Mr. DIRKSEN. Yes; for a 3-year period. It also provides the limit for each year—in other words, not to exceed \$700 million, the first year; not to exceed \$500 million, the second year; and not to exceed \$300 million, the third year.

Mr. LAUSCHE. The President's recommendation contemplates developing a continuing program. If it is adopted, I suppose that if in 1961 the Congress believed the \$500 million was not adequate, Congress could amend the authorization and could increase the amount; and Congress could do likewise in 1962 if the \$300 million were not then deemed adequate.

Mr. DIRKSEN. Very definitely so.

It might be easy to develop rigidity in a program that is fixed and runs over a 5-year period. On the other hand, if the program is kept within desirable bounds, and if the President ascertained that perhaps more money was necessary, the President could easily send to the Congress his request to have both the authorization increased and the request for money approved.

But this arrangement will preserve continuity, and at the same time will preserve the degree of flexibility which I believe is so necessary.

There is one other point to be mentioned. In view of the policy stated on page 12 of the bill, it seems to me that we now expect that countries which have been the beneficiaries of our largesse should help us in the business of carrying on mutual security. If we impose a top limit for a 5-year period, it will be likely to discourage their partici-

pation in the program, while at the same time we are requesting that they probably contribute a larger share than the one they have been contributing in the past.

Mr. LAUSCHE. This further question: The \$700 million mentioned by the Senator from Illinois as being made available for the first year is the exact amount which was originally recommended by the President for this program. Is that correct?

Mr. DIRKSEN. That is correct.

Mr. LAUSCHE. And agreed to by the House.

Mr. DIRKSEN. Yes; and I might say, with respect to the \$500 million for fiscal 1961 and the \$300 million for fiscal 1962, the President believes also those amounts are sufficient, so that this 3-year program, within the frame of \$1½ billion, represents the President's views and desires at the amount with respect to the economic loan program.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. COTTON. In the first place, I think the adoption of the Senator's amendment would make a marked improvement in the bill, and most certainly I intend to support it.

I should like to ask the distinguished minority leader, first, if during the years since the first Marshall plan—and I know from serving with him in the other body, as well as in this body, how thoroughly conversant the Senator is with the foreign aid program—Congress ever before obligated itself ahead, as it is proposed in the bill which was reported to the Senate without the Senator's amendment? Has Congress ever obligated itself ahead and tied the hands of future Congresses or their Appropriation Committees, or has it ever attempted to do so?

Mr. DIRKSEN. Definitely not.

Mr. COTTON. Even in the Marshall plan there was no attempt to obligate Congress for more than 1 year. Is that correct?

Mr. DIRKSEN. That is correct. I remember very well the debate on the original Marshall plan, and had some part in it, and also in the various conferences between the House and the Senate. At that time emphasis was placed upon the fact that there ought to be continuity, and that the program ought to be for a longer period; but always and always we came back to the fact that we had to hold the matter within compass in order to make sure we had adequate surveillance over all the activities under the program.

Mr. COTTON. Much as the Senator's amendment would improve the bill, I think he will agree with me it does entail a certain moral obligation on the part of the Congress for fiscal 1961 and fiscal 1962. It can always be said, as it will be said, that the purpose was to assure our friends and allies that we would go at least that far. So that in a sense, morally, it binds us at least to the extent encompassed in the Senator's amendment. Is that not correct?

Mr. DIRKSEN. I think we must consider the question in terms of authority

more than anything else. The bill says, "You are authorized not to exceed \$1½ billion, on the basis of a no year limitation." Then the other limitations are included—not to exceed \$700 million, to be advanced to the fund by July 1, 1960. It could be \$500 million, if Congress so decided. It could be \$400 million or \$600 million. But the amendment places a limit on the authority for that year, a limit of \$500 million for fiscal 1961 and a limit of \$300 million for fiscal 1962. So we get the impact of a continuing program, a continuing authority, with the necessary limitations in it, so that if the Congress for a certain year did not appropriate that amount of money, there would still be a slenderized program.

Mr. COTTON. Through the years, in the debates on the floor of the two bodies, and as contained in the committee reports and in the bills themselves, there have been intimations and the holding out of some hope and assurance to the world of the intent to go through with the program; but has Congress ever before gone as far even as the Senator's amendment goes in actually setting limits for fiscal years ahead in the way of authorization? Is not this also a new step, although a much shorter one, toward a built-in program?

Mr. DIRKSEN. Yes. I can answer the Senator in two ways. Last year the Senate undertook to make this a longer range program, but the House would not accept the Senate's version of it. The present proposal is in the nature of a compromise, to preserve the appropriation technique, to give the program some continuity, to keep it within the limit of the President's request, and that includes the \$700 million for fiscal 1960, and I think avoids the rigidities that go along with that kind of approach in which the Treasury is directed to advance money to a fund, as a result of which Congress would, in a sense, lose control of the money.

Mr. COTTON. If the Senator will be kind enough to permit me one more statement, the reason why the junior Senator from New Hampshire feels so strongly about this matter is that I would remind the minority leader, with whom I have served starting in the 80th Congress, the junior Senator from New Hampshire has never once failed, in all of his 13 years of service in Congress to vote for every single authorizing bill for foreign aid and for every foreign aid appropriation bill, although he has voted for various reductions in that program from time to time. The junior Senator from New Hampshire has never failed to vote for this policy, in which he deeply and fervently believes. However, I have a feeling that I could not vote for this bill in its present form. With the situation we are facing in this country, whether it be with respect to foreign aid or domestic programs, the time has come when the Congress cannot obligate itself in advance.

The built-in obligations for the future are the most dangerous kind we face.

The Senator's amendment greatly reduces that hazard. It is a great improvement in the bill. It sugar-coats the

pill. I do not know that I can vote for the bill even with the Senator's amendment, although I shall support his amendment ardently. In all the years I have served in the House and in the Senate I have never been under such strong mental agony of reappraisal as I am now when I face a foreign aid bill which attempts to obligate us in advance.

I wanted to make this statement because I feel very strongly about this matter, and I wanted to be sure the Senator feels that, from his vast experience, his amendment will not prove to be the head in the tent for a built-in situation that will involve us in a perpetual program under which the Appropriation Committees of the Congress will lose control.

Mr. DIRKSEN. I presume I would have to answer the distinguished Senator from New Hampshire in the language of a very celebrated Representative from Illinois back in 1847. His name was Abraham Lincoln. He said every proposition is an admixture of the good and the bad. I personally want to get the greatest amount of good and the least amount of bad, if one wants to call it bad. Knowing we have a Development Loan Fund project underway, that it has been in extremely capable hands, knowing the interest there is in it, having had reports such as those from the Draper Committee, the Rockefeller Committee, and the Committee on Economic Development, it is a case of finding what is the most desirable kind of program, yet to preserve continuity, having it long enough so the proper planning can be done, at the same time preserving the appropriations technique, taking account of the fact that in different years conditions change and additional agencies must take care of the changing situations, such as the International Bank, International Fund, Export-Import Bank, the newly proposed Latin American Bank, and the newly proposed International Development Association.

All of them operate in that field. In view of the fact that they are operating, I think the President is on good ground in making the request for \$700 million to be available the first year, tapering off to \$500 million and then \$300 million in succeeding years. If additional funds are needed, the President can always come to the Congress. At least in that way we would not build up a 5-year rigid pattern on the basis of a direction to the Treasury to loan the money, and then discover we were under the onus of what looked like a moral commitment to all the world, which we could not escape.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DIRKSEN. In addition, I want a little weapon with which to encourage other countries to do their full share, also.

Mr. COTTON. Mr. President, will the Senator add to the general picture which he has so well and ably outlined for us, as we consider the necessity of the so-called continuity, some information as to how much money there is now in the pipeline, unspent but presumably obligated, to be spent in 1961 and 1962?

It has been my impression—and I have refrained from discussing it in past years because I did not want to injure the program—that there was quite a lot of continuity guaranteed to the peoples of the world by the appropriated but as yet unspent funds. Does the Senator have that amount in mind?

Mr. DIRKSEN. No. Ever since the Senator from Illinois left the Committee on Appropriations, he has not always seen those figures.

I will say to my friend that on the basis of the action we took last year, when I was a member of the committee which handled the mutual security funds, the amount in the pipeline was going down. There was deep concern, in view of the fact that in the procurement picture there are the long leadtime problems with which it is necessary to contend, that unless we do have funds available we may discover we have frustrated the whole program. A great deal was made of that point, not only by our military leaders but also by everybody else in Government who appeared before the Appropriations Committee to testify. We sought to keep it in balance, and I thought we did.

Mr. COTTON. What was the amount last year?

Mr. DIRKSEN. I do not have the figure in mind.

Mr. COTTON. The Senator does not recall last year's figure?

Mr. DIRKSEN. No. I have not refreshed myself on those figures.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield to the distinguished Senator from Ohio.

Mr. LAUSCHE. I should like to have the Senator from New Hampshire listen to my understanding of the situation.

The testimony before the Committee on Foreign Relations indicated that in the opinion of the President, of Mr. Dillon, and of several committees which studied the subject, it was advisable to adopt a continuing program. This was emphasized especially by the agency which administers the fund, in the statement that it should have some knowledge of what funds would be available so it could properly program its work.

I did not subscribe to the Treasury borrowing method of financing the program. If I were called upon, impartially and objectively, to determine what course should be followed in the interest of the country, on the basis of the testimony given by the officials and agencies who have studied the problem I would have to say we should accept the recommendation of the committee, of the President, of Mr. Dillon, and of a committee created by the Foreign Relations Committee to study the subject; that is, to create a continuing fund.

The Senator from New Hampshire asked what moneys are still available, unspent, and unencumbered.

Mr. COTTON. Not unencumbered. How much is in the pipeline unspent? The money may be obligated.

Mr. LAUSCHE. It is very negligible, as compared to what it was in former years. That is one of the reasons why the committee members were of the

opinion the continuing program should be adopted.

Under the 5-year plan of a billion dollars a year, without the necessity of going back to the Appropriations Committee, we would be practically helpless, unless someone presented an affirmative bill to change the plan.

The President's program is a 3-year program of \$700 million, as he originally recommended, for this year, the fiscal year of 1960, \$500 million for 1961, and \$300 million for 1962, with the requirement that the authorizations for 1961 and 1962 be submitted to the Appropriations Committee for the provision of the funds.

I think the fact that the President's program calls for the sum to be gradually reduced is a healthy sign. I concur with the Senator from Illinois that such a course is a healthy one. The probability is there will be a reduction in the funds, which will induce the nations and Government agencies to avail themselves more fully of the facilities provided by the several lending agencies which the Senator from Illinois has enumerated.

I oppose the 5-year plan. I oppose the Treasury method of financing it. I am rather glad to say that the proposal made by the Senator from Illinois represents an improvement, and I think a healthy one.

Mr. DIRKSEN. Mr. President, there is not much more I need say on the subject. I wish to say to the distinguished chairman of the Committee on Foreign Relations that I think this matter was dealt with very fully and very adequately in the committee report. The committee had the benefit of the studies made by the members of the committee, by the Draper committee, by the Rockefeller brothers, and by others. I am familiar in a general way with the recommendations made.

I can understand the committee point of view. I can understand the action of the committee last year in trying to advance this kind of approach. I can only add that what I offer today, namely, an authorization for an appropriation for a 3-year period, to preserve the continuity and to remain within the frame of the President's request in the first instance, which was for \$700 million for fiscal 1960, dropping to \$500 million and then \$300 million in succeeding years, provides, I think, all the elements which are necessary, and constitutes that which the President himself has indicated would be desirable.

I am authorized to state today that the proposal has the approval of the President of the United States. It is now a question of whether we agree to the committee action directing the Treasury to loan to the fund each year for 5 years not to exceed a billion dollars, and to make it cumulative, so that we will have a \$5 billion program for a 5-year period; or whether we shall reduce it to a \$1½ billion program for a 3-year period, keeping it reasonably fluid in order to meet the conditions which may arise from time to time.

I think the latter program would, under the circumstances, be more ac-

ceptable, and I trust, therefore, that the amendment, which represents the administration viewpoint, will be agreed to.

Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. DIRKSEN. Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DIRKSEN].

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I wish to say a few words about the amendment offered by the Senator from Illinois, the distinguished minority leader [Mr. DIRKSEN].

First, the committee did not consider the amendment. It was not offered in the committee; and I am very sorry indeed that it was not offered in time for the committee and for Members of the Senate to give consideration to it.

I regard the provision in the bill relating to the authority of the Development Loan Fund to borrow from the Treasury as the most important single provision in the bill. If the amendment offered by the Senator from Illinois is adopted, it will be, in effect, a decision to discontinue the Development Loan Fund, and it will mean the end of any workable, protected lending program.

Senators will notice the way the amendment is drawn up. It provides \$700 million the first year, \$500 million the second year, and \$300 million for the third year, which indicates that the purpose is to discontinue the lending program.

This is directly contrary to the main purpose and theme of the bill reported by the committee. The amendment could not be drawn in a better way to state the issue. If we wish to abandon the program of assistance to underdeveloped countries by a lending process, or abandon any assistance by loan or grant, that is the way to do it. The committee, including myself, was dissatisfied with the grant program. We adopted the amendment of the Senator from Montana [Mr. MANSFIELD], which directs the administration to prepare a plan for the decrease and elimination of the grant-aid program.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. What the Senator from Arkansas, the distinguished chairman of the Foreign Relations Committee, says is absolutely correct.

The purpose of the provision is to get away from the grant-aid, as-you-go basis, and substitute for it a long-term loan plan on a low-interest basis, which, of course, is embodied in the Development Loan Fund.

I hope the amendment reported by the committee will be upheld, so that later we can bring about a termination date for the grant aid, and bring a program of special assistance, based on long-term loan plan, thereby affording a more solid foundation for the foreign aid program, which is becoming top heavy. This is one way the grant-aid assistance could be done away with, and long-term aid, at fairly low interest rates, substituted.

Mr. FULBRIGHT. I appreciate the comment of the Senator. He is entirely correct.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CARROLL. I know that the distinguished Senator from Arkansas must be tired answering this question, but some of us have been busy in committee, and have not had an opportunity to be present in the Chamber.

What is the administration recommendation in this connection?

Mr. FULBRIGHT. I am not clear, specifically, as to whether the Senator from Illinois is speaking for the administration or not. I do not believe he is. It is my opinion that the Secretary of State and the State Department would prefer the provision carried in the bill; but I also understand that in a meeting at the highest level of the administration, the Treasury and the Budget Bureau overrode the views of the Department of State and recommended that there be no power to borrow from the Treasury. They recommended a \$700 million single-year appropriation. That is what the administration proposed.

The Senator from Illinois comes along, and goes further, by proposing \$700 million for the first year, \$500 million for the second year, and \$300 million for the third year, which indicates that it is expected that we shall move away from this program, and stop it at the end of the third year. I think that is implicit in the proposal.

I was not present at the beginning of the statement of the Senator from Illinois. I do not know whether this proposal has the public endorsement of the administration. I wish to develop, in my own remarks, the views of the administration, beginning 2 years ago, and show what the President recently said, which I believe is directly contrary to the proposal of the Senator from Illinois. I believe also that in spirit it is contrary to the proposal of the administration in the original bill, which was \$700 million for a 1-year appropriation.

Mr. CARROLL. Does the Senator intend to develop that thought?

Mr. FULBRIGHT. I hope to do so in the course of the next few minutes.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. DIRKSEN. I try always to be very careful not to commit anyone unless I feel quite sure of my ground. As the Senator knows, the original administration request was for \$700 million for the fiscal year 1960. Then the question of continuity arose, and there was a dif-

ferent approach as between the House and the Senate. Also there arose the question as to whether we should follow the appropriations technique rather than direct the Secretary of the Treasury to lend money to this fund over a period of years.

This amendment provides no year limit. It provides an authorization for a period of 3 years, with a top figure of \$1,500 million, instead of \$5 billion for that period of time, not more than \$700 million to be advanced prior to July 1, 1960, not more than \$500 million prior to July 1, 1961, and not more than \$300 million prior to July 1, 1962. That gives a 3-year program. But I do not believe that one could infer that there is any implication whatsoever that the administration is moving away from the Economic Development Loan program. The very fact that it has been tapered down does not mean that the program is being abandoned. Far from it. I think we must remember that now instrumentalities are operating in this field. There are the International Bank, the International Fund, the newly proposed Inter-American Bank, the International Development Association, the Export-Import Bank, and others. All of them operate generally in that field.

There is one other consideration. I think we are at the point now where we can rightfully expect from countries which we have aided over a period of years a larger share of support and help in the mutual security program.

So this is not an abandonment. It is not a forfeiture of any kind. I think it is a realistic approach to the matter at a time when the world is quite fluid.

I say to the distinguished Senator from Arkansas that I am authorized to say that this is the administration program, if the President speaks for the administration. I want that to be made abundantly clear. I made a careful inquiry on that point not later than this forenoon.

Mr. FULBRIGHT. Mr. President, I am glad the Senator from Illinois made that statement. It clarifies at least one aspect of the situation. I wish to call attention, in that connection, to previous statements by the administration, specifically by the President, which I consider to be directly contrary to this proposal. I might start, first, with a letter dated June 4 from the President in reply to my inquiry as to what his position was with regard to the proposed amendment which I offered in committee. I shall read the second paragraph, because it relates directly to this matter:

As my earlier recommendations, and more recently public statements, have indicated, I have always thought, as you do, that it is desirable to put the Development Loan Fund on a long-term basis in order to insure the best planning utilization of economic assistance through this program. However, before commenting on your specific amendments, it seems appropriate to review the recent history of U.S.-aided means of capital development.

Mr. President, I ask unanimous consent to have the entire letter printed in the RECORD. It is almost 4 pages in length. I shall not take the time to read all of it.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JUNE 4, 1959.

The Honorable J. WILLIAM FULBRIGHT,
U.S. Senate, Washington, D.C.

DEAR SENATOR FULBRIGHT: Your letter of May 25, 1959, outlining proposed amendments to the Mutual Security Act of 1959 relating to the Development Loan Fund, has been carefully analyzed in the executive branch.

As my earlier recommendations and more recent public statements have indicated, I have always thought, as you do, that it is desirable to put the Development Loan Fund on a long-term basis in order to insure the best planning and utilization of economic assistance through this program. However, before commenting on your specific amendments, it seems appropriate to review the recent history of U.S. aided means of capital development.

In my mutual security message transmitted to the Congress on May 21, 1957, I requested that the Congress establish a Development Loan Fund "to finance specific projects and programs which give promise of contributing to sound development * * * of long-term benefit to the borrowing country." I noted that "such loans should not compete with or replace such existing sources of credit as private investors, the International Bank, or the Export-Import Bank." Since this request, a number of significant developments have occurred.

In 1958 the resources available to the Export-Import Bank were increased by \$2 billion. This assured a continuity of activity and made available funds for a high level of operation by this important lending institution.

There is now before the Congress a proposal to provide an additional U.S. subscription of \$3.175 billion in guarantee authority to the authorized capital of the International Bank for Reconstruction and Development, as our share of a 100-percent increase in the Bank's authorized capital. If approved by the Congress this will enable the International Bank to raise through sales of its bonds to private investors, the funds required if it is to continue its operations in the field of development financing at a rate which is constantly growing, and now exceeds \$700 million per year. The Bank has not called upon the U.S. Government for any cash outlay since the initial capital subscription was completed in 1947.

We have recently requested Congress to authorize U.S. membership in the Inter-American Bank which will have total resources of \$1 billion, of which the United States would subscribe \$450 million, with \$200 million of this being in the form of guarantees. There also is pending before the Congress an increase of 50 percent in the resources available to the International Monetary Fund, which provides short term financing for countries with temporary balance of payments problems and endeavors to help these countries correct the financial policies that have led to their exchange difficulties.

In addition we are actively consulting with other countries looking toward the establishment of an international development association which will provide a continuing organization for development financing on a multilateral basis. In this institution the cost of financing will be shared with other industrial nations on a continuing basis.

In combination with the Development Loan Fund, these lending activities provide a formidable array of resources to assist in the development of the free world.

Your proposed amendments to the Mutual Security Act of 1959 would make available to the Development Loan Fund, commencing

in fiscal 1960, not to exceed \$1.5 billion per year for 5 years by a public debt transaction.

I have asked Congress for an authorization and appropriation of \$700 million for the Development Loan Fund in fiscal 1960. In my opinion a sum of this general magnitude is adequate to carry forth this vital part of our international program for the next year. Establishing a figure approximately double this amount for fiscal 1960 seems unwise, and I would hope that in succeeding years the rapid advance in the economic and financial strength of other industrial countries, particularly in Europe, will lead them to conclude that it is in their interest and in that of the free world to provide a growing volume of financing for the less-developed areas. I would be most reluctant to predicate our action now on an assumption that this would not occur.

In my budget message this year, because of the growing tendency to bypass the appropriations procedure, I said, "I sincerely hope that the Congress will again consider ways by which it can more effectively overcome * * * the provision of new obligational authority outside of the appropriations process * * *". This is now established administration policy, and recommendations of previous years for spending from debt receipts that were made while such policy was being formulated must yield to it. Accordingly I do not look with favor upon the provisions of your amendments which authorize the Development Loan Fund to borrow from the Treasury.

I believe our common objective can best be accomplished through a long-term authorization of appropriations in reasonable amounts, together with the concurrent enactment in one appropriation bill of appropriations for each of the years for which the program is authorized—a specified appropriation for each year, each appropriation to remain available until expended.

While this procedure would not provide the full measure of flexibility now given the Export-Import Bank and the International Bank, it must be remembered that the purpose of the Development Loan Fund as described in its basic statute is to make loans only when other sources of private and public capital are not available. Many of its loans are repayable in the currency of the borrower. As a consequence, this fund cannot "revolve" in the same manner as do those of other lending institutions. However, a multiple-year authorization and appropriation should enable the Development Loan Fund to put its operations on a satisfactory long-term basis, the goal we both are seeking.

I appreciate your sincere interest in this vital program. With a mutual objective, we should be able to develop acceptable programs to aid and develop the free nations of the world.

Sincerely,

DWIGHT D. EISENHOWER.

Mr. FULBRIGHT. Mr. President, much of the letter merely recalls the development of the other agencies with which we are all familiar. I emphasize that the President said:

It is desirable to put the Development Loan Fund on a long term basis.

So in that respect we are in agreement. Then the question comes, How do we put the program on a long term basis? Are we for it at all? Are we for a long term program—which I think the President favors—and if so, how do we put it on a long term basis? I submit it cannot be put on a long term basis by starting with \$700 million and then cutting down the term to 3 years—continuing it on a 3-year basis—with the

clear indication, by that process, of diminishing the amount from \$700 million to \$300 million. That is an indication that it is not expected to extend the program beyond that point.

It is perfectly legitimate for the Senator from Illinois to say that, in his opinion, the other agencies will take up the slack, and there will be no further need for the Development Loan Fund. But I submit the reasonable inference to be drawn from that language is that he does not expect the program to go beyond 3 years.

So far as interpreting what the President really has in mind is concerned, the Mutual Security Act of 1957, as considered in the Senate on June 14, 1957, contained a provision supported by the President of the United States. That provision authorized the Secretary of the Treasury to finance the newly created Development Loan Fund by debt transaction during the fiscal years 1957 and 1958 in the amount of \$1,500 million. An amendment was offered by the senior Senator from Oregon [Mr. MORSE] to strike out the portions of the bill which would have authorized the availability of funds for the Development Loan Fund for more than 1 year. In other words, this is an issue quite similar to that one. The amendment offered by the Senator from Oregon was rejected by a yea-and-nay vote of 54 to 32.

Only 10 members of the minority party voted against giving continuity to the Development Loan Fund, and against financing it by public debt transaction technically.

The Senators who voted against the President's proposal in 1957 were Senators Barrett, Bricker, Butler, Curtis, Dworshak, Jenner, Hruska, Malone, Williams, and Young.

It will be noticed that many of those Senators are no longer with us.

Members of the Senate from the other side of the aisle who voted with the President for continuing the fund and for the public debt transaction included Senators Allott, Beall, Bennett, Bush, Capehart, Dirksen, and Knowland.

If the long-term public debt concept was good in 1957, I cannot understand why it is not good now.

Yesterday the news ticker carried a statement by the Senator from Illinois. The last sentence of the dispatch stated:

The President wants the program to give long-term continuity to the Development Loan program, DIRKSEN told a reporter, but he feels it should not be financed by back-door raids on the Treasury.

I submit that if this is considered a back-door raid now, it had to be a back-door raid 2 years ago. This was exactly what the President recommended 2 years ago. I have his official recommendation here. I shall read it to make the RECORD clear. It is contained in the President's message to Congress on the Mutual Security program, under date of May 21, 1957. I read from page 7:

I ask Congress, therefore, for an initial appropriation for fiscal year 1958, and also for authority for the fund to borrow from the Treasury in succeeding years within stated limits, such borrowing, I think, has been used to finance many other U.S. lending operations. I believe this financing

mechanism is well suited to the character of the fund.

That is not my language; that is the language of the President in his official message to Congress in 1957.

It is very strange, indeed, that today the Senator from Illinois [Mr. DIRKSEN] can say that this proposal is a back-door raid on the Treasury, when the President specifically recommended it in 1957.

One more word; then I shall yield to the Senator from Illinois. It is very clear what has happened. The President, then and now, in my opinion, approved this program. In the meantime, because of reasons which I shall not go into at the moment, but which are very interesting, the bond market has become such that it is very difficult for the Treasury to borrow money. The Secretary of the Treasury, a few months ago, met with complete failure in the offering of a series of long-term bonds. They simply were not salable. This has frightened the Secretary of the Treasury. I am sympathetic toward his difficulty. I would be perfectly willing to go along with any reasonable program to alleviate the situation, such as the repeal of the 1954 tax bill, to restore the credit of the U.S. Government. I thought in 1954 that that bill was a great mistake. I am proud I voted against it at the time. But that is another matter.

I do not think the President is justified in sacrificing one of the most important tools, if not the most important tool, in our foreign policy to the difficulties of the Treasury. I think the President has succumbed to the fear of the Secretary of the Treasury by allowing his name to be used in connection with the proposal of the Senator from Illinois. That is my honest belief concerning what has happened, because clearly the President did not think this was a back-door raid on the Treasury a few years ago.

Only recently, on April 30, this was verified by Mr. James Reston, of the New York Times. I shall read the questions and answers:

Mr. RESTON. Mr. President, could I clarify one other point about that? Do you expect approval of the long-range commitment?

The PRESIDENT. Yes, yes.

Mr. RESTON. As I understand, the argument is you can save money if you can.

The PRESIDENT. Yes, I agree with that.

That was at a time when considerable notice was being given to the proposal which the committee actually adopted.

Now I yield to the Senator from Illinois.

Mr. DIRKSEN. Is it not, after all, a matter of judgment as to whether 5 years is long range or 3 years is long range? Does it not depend finally upon conditions generally in the world, and the fevers which exist, and upon whether we are going to try to escape too much rigidity in a program from which it will not be possible to retreat, if that should become necessary?

Mr. FULBRIGHT. The difference between 5 years and 3 years, in my judgment, is not a crucial difference. I think it is preferable to have 5 years. The point I am really sticking to—and it is absolutely essential to the success of the program—is the power to borrow from

the Treasury, because there is no other way I know of to give any assurance that there will be continuity. That is a far more important consideration than the actual length of the program.

The committee's approach, the Senator says, is a "back door" raid on the Treasury. I vigorously object to that characterization. I have cited the President's own statement as a denial of that position. Let me repeat that continuity is far more important than the difference between a 3-year and a 5-year program. I think 5 years is far better, however.

Mr. DIRKSEN. I make a full, public, candid confession that a critical situation confronts the Treasury at the present time.

Mr. FULBRIGHT. I agree with that statement; I do not deny it at all.

Mr. DIRKSEN. So far as I am concerned, I might change my mind from one month to another, depending entirely on what the program is. Certainly the Treasury's problem, as highlighted as far back as April 30 of this year, is indicated by the statement to which the Senator from Arkansas has referred.

Mr. FULBRIGHT. I beg the Senator's pardon. The failure in the bond sales, which caused the Secretary to become so disturbed, occurred last fall. The Secretary has had trouble all along, in that respect. As we know, the long-term bonds are not salable at anything like a reasonable rate of interest. So the Secretary has been forced to use short-term methods—practically 90-day bills. I do not say that in criticism of the Secretary; he inherited the situation.

It was not too long ago that the administration could have sold long-term bonds at a low interest rate. But for one reason or another the administration did not do so.

But for the moment, under the administration of this Secretary, he has not had much choice. I am not criticizing him; he is faced with a serious situation. But under the committee's version of the bill there will not be any greater impact upon the Treasury or upon the budget next year than there will be under the administration's proposal. That is very clear from the testimony of Under Secretary Dillon; and I do not think it is controverted, because the committee's version of the bill would not require the Treasury to do any more. The larger impact would be had on the long-term phase.

I am confident that, in one way or another, the Treasury will not permit the present condition in the case of the bonds to continue. I am confident that even this administration will find a way to correct that situation. It is necessary to do so, and there are ways to do it.

But I do not think that next year there will be any larger drain on the Treasury, under the committee's version of the bill, than there would be under the administration's version of the bill. The difference will occur in the 3d, 4th, and 5th years.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. DIRKSEN. Initially, when I discussed this matter, before the Senator from Arkansas came into the Chamber from the Foreign Relations Committee, I made clear that the ultimate impact, insofar as the taxpayers and the Treasury are concerned, will be the same, no matter which approach is used.

Mr. FULBRIGHT. That is correct.

Mr. DIRKSEN. Having served long in the appropriations field, I regard my proposal as desirable and acceptable.

In view of the instrumentalities which are operating in this field today, the committee, as indicated on page 31 of its report, has stated:

With respect to investment guarantees, this subsection increases the authority to issue investment guarantees from \$500 million to \$1 billion, and limits the operation of this program to underdeveloped countries.

Of course the hope is to secure investments on a guaranteed basis. Of course we hope that all these programs can be diminished at one time or another; we do not wish to carry the load of all the world.

My amendment calls for \$700 million the first year, \$500 million the second year, and \$300 million the third year. That arrangement would not mean abandonment; it would simply mean that we would be facing up to reality, and nothing more.

Mr. FULBRIGHT. I hope the Senator from Illinois will not muddy the present situation by bringing in investment guarantees. Actually, that program will not cost the Treasury anything.

Mr. DIRKSEN. That is correct.

Mr. FULBRIGHT. That program has returned a profit. But we shall take it up later, at the proper time.

Mr. AIKEN. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, when the administration recommended the Development Loan Fund, in 1957, to continue for a period of 3 years, and to be financed at the rate of \$750 million a year, by borrowings from the Treasury, I was very glad to support that proposal, because I felt the President was making a very sound proposal to the Congress.

I have no way of knowing what has brought about a reversal of the position which was taken at that time. It may be the failure of the bonds to sell. It may be that the administration did not want to put a greater burden or more responsibility on the Treasury.

But it seems to me if that had been the case, we would not have been asked to provide \$1,375,000,000 in gold and dollars for the International Fund or to obtain from the Treasury \$3,375,000,000 for the World Bank, less than 2 months ago.

The method of financing now proposed would not be a precedent in financing Government programs or Government agencies. I should like to point out a few Government programs which have been financed through borrowings from the Treasury.

I think the Commodity Credit Corporation probably has engaged in this

method of financing to the greatest extent. It has authority to borrow from the Treasury up to \$15 billion, and at the present time it has used \$13,730,000,000 of that authority.

The Rural Electrification Administration is financed through borrowings from the Treasury; and its present balance is \$2,962,000,000.

The Farmers Home Administration has borrowed extensively from the Treasury, and now has a balance due of \$403 million.

The Export-Import Bank has borrowed to the extent of \$1,888,000,000. I think that is the amount now owed to the Treasury by the Export-Import Bank.

Then we come to the Housing and Home Finance Agency, which at the present time has a balance due the Treasury of \$2,819,000,000.

Then there is the International Cooperation Administration, with private investment guarantees and aid loans to Spain and Marshall plan loans and food aid to India, all of which is financed by borrowings from the Treasury; and at the present time the balance still due on those operations is \$1,172 million.

Mr. FULBRIGHT. The Senator from Vermont should not overlook the St. Lawrence Seaway.

Mr. AIKEN. I am coming to it. Its borrowings are relatively small, although a big fuss was made over it.

The Reconstruction Finance Corporation, which now has been liquidated, borrowed billions and billions from the Treasury, but I heard no objection to that method of financing.

The St. Lawrence Seaway is next on the list. It now owes the Treasury \$112 million, which is practically a minor amount, considering the great good that project is doing the North American Continent.

The Veterans' Administration borrows from the Treasury for the direct loan programs, and it now owes the Treasury \$930 million.

Next we come to the General Services Administration and the program for stockpiling strategic materials. It has borrowed from the Treasury for that program, and the present balance due amounts to \$1,937 million.

Then there are four small agencies—the U.S. Information Agency; the Department of the Army, Natural Fibers Revolving Fund; the Federal Ship Mortgage Fund of the Maritime Commission in the Department of Commerce; and the Small Business Administration. All of them now owe the Treasury a total of approximately \$21 million.

The Tennessee Valley Authority was financed through borrowings from the Treasury. The bond issuing authority of the TVA now has been withdrawn, and the TVA now is limited to financing from the old bonds.

In addition, the following Government-sponsored enterprises have similar Treasury financing: The Bank for Cooperatives, the Federal home loan banks, the Federal intermediate credit banks, the Federal land banks, the Federal National Mortgage Association.

So, if this proposal to borrow from the Treasury for the Development Loan Fund is an unsound method of financing, we have been awfully unsound for the last 20 years, although perhaps we did not realize it.

But the total amount now due to the Treasury, for borrowings to finance programs authorized by the Congress, not including the five sponsored corporations I last named, is \$25,974 million; and I did not hear too much opposition to this method of financing, insofar as these other programs are concerned.

Mr. FULBRIGHT. What is the total amount?

Mr. AIKEN. The total now owed to the Treasury by agencies authorized to be financed through borrowings from the Treasury is \$25,974 million. If I do say so, I think 95 percent of that ultimately will be repaid.

So this is not a radical method of financing a Government proposal such as the one now before us.

As I have stated, in the beginning I was glad to support the President when he recommended this method 2 years ago. But for the life of me, I do not know what caused the reversal of position.

Mr. FULBRIGHT. I thank the Senator from Vermont for his statement.

Mr. SYMINGTON. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, last evening I had the good fortune to listen to the very able address delivered by the distinguished Senator from Arkansas [Mr. FULBRIGHT].

I believe his position is entirely sound.

If the Development Loan Fund is to be an efficient and effective program, its administrators must know what funds will be available for loans over a period of several years. It often takes a considerable period of time to develop a loan project and the lending authority must be assured that funds will be in the till when the project is finalized.

Moreover, it is highly desirable for foreign nations to know what the program is. This would be a tangible demonstration of America's intention to help these lesser developed countries now in the process of an industrial take-off.

It is also necessary to help them lay plans for economic development.

I believe that these conditions can only be achieved by financing the Development Loan Fund on a banking basis, like that of the Export-Import Bank and that of the International Bank for Reconstruction and Development; that is, authorizing the Fund to borrow money from the Treasury over a period of years. The borrowing of 5 billion dollars over the next five years is proposed.

I do not believe that the process of annual appropriations can provide these prerequisites for a successful program.

Our two years experience with the Fund demonstrates this clearly. Two years ago the Senate adopted an Ad-

ministration-backed proposal to finance the Fund through a public debt transaction, and to authorize it to lend \$2 billion over the next three years.

The House of Representatives substantially cut the authorization and insisted on the regular appropriation procedure.

The Mutual Security Act of 1958, as it was finally passed, authorized \$1,125 million to be appropriated annually over the next two years.

In actual fact, only \$850 million has actually been appropriated in 1958 and 1959; and even this sum has only narrowly missed crippling reductions, as witnessed by the House Appropriations Committee Report to delete any appropriations for the Fund from the 1959 supplemental appropriation.

The uncertainty which derives from this procedure prohibits the business-like operation of this business enterprise. Not only does it have the effect of discrediting the Fund in the eyes of the countries which it is designed to help—the annual appropriations hassle is not a very reassuring spectacle to our foreign friends—but it also severely inhibits American negotiations in making contracts.

Paradoxically, it may also have the reverse effect in some cases, and force the hasty conclusion of loans near the end of the year so that the Fund will be in a better position to ask Congress for another appropriation. While it is true that there is no fiscal year limitation on appropriations for the Fund, and hence unused money may be carried over for use in another fiscal year, it is a reality of the appropriations procedure that if an agency ends up the year with unused money, its next year's appropriation is very likely to be reduced.

The public debt transaction is a tried and tested institution which has demonstrated its superiority for financing certain types of programs.

Normally, public debt transactions are used for lending programs where the amounts advanced will be loaned on interest.

In the case of the Export-Import Bank and the International Bank for Reconstruction and Development, this advance represents a capital contribution.

A few would have us believe that the public debt transaction is an evil device insidiously employed only in recent years to bring on the bankruptcy of the United States. This could not be further from the truth. It is a legitimate and valuable method of financing which has been incorporated into some of our most successful and respected pieces of legislation over the past quarter of a century. A partial list of agencies and programs financed in part or in whole by this method include: Commodity Credit Corporation, Federal Farm Mortgage Corporation, Federal Public Housing Authority, Home Owners Loan Corporation, Reconstruction Finance Corporation, Tennessee Valley Authority, Export-Import Bank, International Bank for Reconstruction and Development, Federal Home Loan Bank Board, Federal Deposit Insurance Corporation, Fed-

eral Savings and Loan Insurance Corporation, Defense production Act, Civil Defense Act, and Public Law 480—the Agricultural Trade and Development Assistance Act.

As former director of the Reconstruction Finance Corporation, I should like respectfully to refer to the fact that that institution made a great deal of money for the Government of the United States. I was very much surprised when, as a result of much effort on the part of many people, the Reconstruction Finance Corporation was closed up on the ground that it was unwise to have Government corporations. Hardly had I come to the Senate when, a few weeks later, it was suggested, in effect, that the entire roads program be handled by a Government corporation.

Congress, by this procedure, does not give the Executive a free hand. All activities carried on under public debt transactions are clearly set forth in the annual budget document, and there is nothing to inhibit Congress from strictly reviewing these activities. There are suitable sanctions which can be applied if Congress should feel that a program is going awry.

The public debt transaction violates neither the prerogatives of the House nor the rules of either body; and it is an indispensable instrument for certain programs.

Therefore, the Development Loan Fund should, in my opinion, now be put on a solid long-term basis, in accordance with the position taken by the distinguished chairman of the Foreign Relations Committee.

I thank the Senator from Arkansas for yielding to me.

Mr. FULBRIGHT. I thank the Senator from Missouri for his comments. He had a distinguished career in the Reconstruction Finance Corporation, and in that respect there is no better authority in this body as to how well that program worked and as to the efficiency with which it financed its operations. I think his comments are absolutely correct.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield; and, if so, to whom?

Mr. FULBRIGHT. I yield first to the Senator from Kentucky [Mr. COOPER].

Mr. COOPER. Mr. President, I appreciate the purposes of my friend and colleague from Illinois [Mr. DIRKSEN] in offering his amendment. Nevertheless, I shall oppose his amendment and support the action of the committee in establishing continuity in the Development Loan Fund for 5 years.

I should like to give reasons for my position. If I did not support the committee's position, and oppose the Senator from Illinois' amendment, I would be voting against convictions which I have held now for 4 years, convictions based on some experience in observing the operation of our foreign aid program on the ground. I am in the Senate of the United States, and glad to be a Member of it, but for a time I served in India, as the Ambassador of this country; and it was there that for the first time it became very deeply impressed upon me

that there was something wrong with our foreign aid program, and that it was not operating with maximum effectiveness. But my remarks do not deal with that country, but go to our whole foreign aid program.

When I returned from India I made certain recommendations to the Department of State which I believed would make needed improvements in the foreign aid program. I appeared before several committees of the Senate and the House, and made the recommendations to them. And in speeches I have made since that time I have emphasized the same recommendations again and again. Two changes which I thought should be made and recommended 4 years ago—if our foreign aid program is to have maximum effectiveness were—one was a provision for the training of management and labor of other countries which we are aiding in the skills of industry. I am happy to see such a provision in the bill. Second, I recommended a continuing program for at least 5 years if it was to do much good.

I should like to give some of the reasons which led me to these conclusions. I believe that we agree that the purpose of our country is that our aid shall have its maximum effect and do maximum good wherever it is used in the world. When we make loans or grants to other countries, we want to believe that the money will not be wasted, and, that it will have the greatest effect possible and the greatest good in those countries.

I should like to tell my colleagues why I learned that our present program of yearly appropriations does not have maximum effect. The only way the developing countries can raise their standard of living to any appreciable degree is by industrializing and that means creating wealth generating projects. It may be a power project. It may be one for the production of iron and steel. It may be one devoted to building or rehabilitating of the transportation system of the country. Such projects cost large sums of money, and years are required for their completion. Therefore, the countries that need and accept our aid for projects which will generate wealth and which will lead to industrialization, cannot rely with certainty upon funds of the United States for enterprises whose construction will require years because they are uncertain whether the funds of the United States will be made available during the years needed for their completion.

So what happens? The countries either do not undertake the projects which would be most helpful to them, projects which we would like to see them undertake because they will generate wealth—or they take another course. They will turn to countries which can assure continuity of the program. I am not against participation by other countries; but I say that, from the standpoint of the United States, if we want our money to go into the larger wealth-producing projects, such as power, steel, tools, communications, there must be continuity in our aid system of at least 5 years, and the ability of the other countries to rely, year after year, upon

sums of money needed with which to develop their wealth-producing projects. If we adopt the committee plan, we will be able to secure larger participation by the countries we aid, for they will be able to manage better their funds and foreign reserves over a period of 5 years.

I should like to turn now to what such an aid program looks like from our viewpoint. We have a mutuality of interest with countries to which we give assistance, in the desire to see that our aid will be most effective. What happens to us if our money can not go into, wealth-producing projects? I will state what happens. I saw it happen in the country in which I represented the United States. If it happens in that country, I am sure it happens in other countries. If our money does not go into wealth-producing projects—steel and power plants, communications, and so forth—because there is no assurance of continuity, our money goes into secondary projects, fringe projects—valuable in themselves, but not the type of projects which bring about maximum industrial development, which in turn generates wealth. What else happens? There is a tendency to build up U.S. technical staffs to manage, to advise, these multiplied smaller projects.

Mr. President, I make these comments from experience, actual observation and experience for whatever it may be worth, and I believe it to be worth something. I think it is very unfortunate that, after all the years we have carried on the program of economic assistance, that a great country such as the United States, with all its experience and industry and production, has not yet been able to give its foreign aid program maximum effectiveness. I say the program will never be effective until there is continuity, the kind of continuity which the committee provision would assure—continuity of the Development Loan Fund, and the assurance of adequate fund for not less than 5 years.

Therefore, Mr. President, for the purposes of having a program which is most effective and one which will save money because we are wasting money in our present program because of this very failure of continuous adequate funds, the committee provision presents the only chance for a really effective program.

I took this position after seeing our foreign aid program in actual operation in another country for 15 months. I reported that fact nearly 4 years ago. I still hold to that conviction. I propose to stand by it. I want our aid program to be continued and give effective aid to other peoples. I will oppose the amendment of the Senator from Illinois [Mr. DIRKSEN] and support to the end the committee Development Loan Fund provision.

Mr. FULBRIGHT. Mr. President, I thank the Senator from Kentucky for his statement. No Member of the Senate has had greater experience in the foreign field than the Senator from Kentucky, who served as a very distinguished Ambassador to India. I think the Senator's words should carry great

weight with the Members of this body.

Mr. President, I now yield to the Senator from Oregon.

Mr. MORSE. Mr. President, I wish to say to the chairman of the committee that I shall speak very briefly on this amendment, and after the vote on the amendment I shall make my speech on the bill, after I call up my first amendment.

For the reasons advanced by the Senator from Kentucky, I support the position of the chairman of the committee in opposition to the Dirksen amendment.

Mr. KENNEDY. Mr. President, may we have order in the Chamber?

Mr. FULBRIGHT. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. MORSE. The chairman of the committee, in his speech in opposition to the Dirksen amendment, brought to the attention of the Senate the fact that in 1957 the senior Senator from Oregon offered an amendment to the bill which proposed an annual program with regard to a loan program, and called for an annual congressional check upon the authorization amounts and upon the appropriations.

Mr. President, I try to follow where the facts lead. I have changed my point of view since 1957, based upon my study of this problem and upon my experience with it as a member of the Committee on Foreign Relations.

I wish to point out once again to the Senate that the Committee on Foreign Relations spent \$250,000, in round figures, on a series of contracts with research groups such as the University of Chicago, Columbia University, the Massachusetts Institute of Technology, the Brookings Institution, and other research agencies to give us objective studies on the operation of the mutual security program.

These groups filed with the Foreign Relations Committee a series of reports and findings. I studied them. One of the findings of those studies, based upon that expenditure of a considerable sum of money, stressed the importance that there be continuity—to which the Senator from Kentucky addressed himself a few moments ago—in the development loan program.

Those reports bring out that unless we have a longer term period for the development of these programs, which will give continuity, we shall only increase the waste and the uncertainty in the program.

This will result also in a failure to start some very much needed projects in recipient countries which will take several years for fulfillment, because of a doubt as to whether there will be support for the projects for completion once they have been started.

So the findings and reports of our experts, to which I shall refer in some detail later today or tomorrow in my speech on the bill itself convinced me the position I took in 1957 was wrong. I am never going to hesitate, Mr. President, so long as I serve in this body, to change my mind once I am satisfied the facts

dictate a change of opinion. My opinion was changed not only because of the research findings of the experts who worked for the Committee on Foreign Relations, but also because, following the debate in 1957, I traveled around the world and I had the opportunity to see close at hand, by personal inspection, the operation of our foreign aid program in many parts of the world. With my own eyes I saw the proof of the findings. With my own eyes I saw support for the recommendations of the groups which conducted the research studies for us.

I came back to the Senate convinced that we ought to have the long-time continuous Development Loan Fund program which was urged by the Senator from Arkansas, the chairman of the committee, this year.

Mr. President, as the printed record of hearings will show, I participated rather actively in the more than 3 weeks of hearings on the bill this year. The hearings also show that expert witness after expert witness testified in support of the position taken by the Senator from Arkansas.

I will say further that the principle of the proposal of the Senator from Arkansas was recommended by the President himself not so long ago, in a major speech he made dealing with some of the problems of foreign policy.

Mr. President, when we came to marking up the bill in the committee, as the record will show, I saw the possibilities in the committee with regard to approval for the original proposal of the Senator from Arkansas [Mr. FULBRIGHT], to provide \$1½ billion a year for 5 years. I observed that the proposal had probably a remote chance of passage in the committee. As all Senators who participated in the mark up of the bill know, we had a great many conversations with our colleagues during the mark up off the record. Those conversations with my colleagues in the Foreign Relations Committee satisfied me there would be a majority vote for a compromise of the original proposal of the Senator from Arkansas [Mr. FULBRIGHT], which was for \$1½ billion for each of 5 years. I offered the compromise in the form of a motion; that the program provide \$1 billion a year for 5 years.

It seemed to me the important thing in the first instance was not the total amount of money to be provided, but the years of coverage for the program. The 5-year period is of great importance in this matter, because I think—it is difficult to stand on the floor of the Senate and prove, so all we can do is set it forth by way of allegation—the 5-year program will result in a much greater savings of money than will the 3-year program. That is my judgment.

So I made the motion in the committee that the program be for 5 years on a billion-dollars-a-year basis. I think that is a sound adjustment of our views within the committee. The adjustment was adopted by a substantial majority vote of the committee.

Mr. President, I am proud to support the proposal. I am pleased today, as

one who advocated in 1957 an annual approach to this problem, based upon the findings I have made since 1957, to urge the rejection of the Dirksen amendment and the adoption of the committee proposal on this particular matter, which is for \$1 billion a year for 5 years, with the further understanding that if all the money is not spent in one year it can be spent the next year or the year thereafter.

Mr. President, I have one last point to make. In regard to borrowing from the Treasury of the United States, I wish to say that if Senators had sat with me today in the luncheon conference with the Deputy Premier of Russia, they would have no doubt about the fact that in the decades immediately ahead this Republic must take the steps necessary to meet the growing economic threat of Russia in the great contest of the years to come between freedom on the one hand and totalitarianism on the other. We cannot afford to be making an argument on the floor of the Senate today that we should not invest in freedom by way of the Development Loan Fund. We will not jeopardize the Treasury of the United States when we draw upon it for loans to underdeveloped countries, in which countries the fight for freedom has to be won. The greatest weapon I think we have for ultimately defeating totalitarianism is to do the things necessary to bring a better way of life to the millions of people who are on the march for a better way of life. That is why I think our investments in economic improvements, by way of a loan program, most of which will be returned to the taxpayers of the United States, is one of the greatest things we can do in order to win the fight for freedom.

On that basis, if I had no other basis, Mr. President, I would vote for the proposal of the Senator from Arkansas [Mr. FULBRIGHT], and I would vote for the Development Loan Fund on the basis of \$1 billion a year for a 5-year period.

Mr. JAVITS and Mr. CLARK addressed the Chair.

Mr. FULBRIGHT. I promised to yield to the Senator from New York. I will later yield to the Senator from Pennsylvania.

Mr. JAVITS. Mr. President, I shall be brief, but I have some information to bring to the attention of the Senate on this subject which may prove of interest.

Every Senator present knows that in regard to the mutual security program I have been very deeply concerned, with the private investor phase, which can be very important in respect to the program.

The State Department, at my request, has made an analysis of the fundamental basis upon which private investment must rest; not simply in the air, but taking the matter country by country. With the permission of the Senator from Arkansas, whose amendment I support, I should like to have the analysis printed as a part of my remarks, and I ask unanimous consent that it may be done.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

ILLUSTRATIVE COUNTRY AND REGIONAL DATA
LEBANON

Although Lebanon enjoys a standard of living which is high by comparison with other nearby areas, the recent political disturbance with its disruption of transport and distribution pointed up Lebanon's economic vulnerability. This "services" economy with more than half its national income derived from transit, entrepot trade, tourism, and related services has long been recognized as unstable, and some efforts have been made at reorientation. The development of power, transportation, and other economic overhead facilities are prerequisites to a more diversified economy in Lebanon. The Government of Lebanon recognizes this need and has for many years budgeted considerable amounts for public investments, e.g., roads, water supply, and schools.

The Litani multipurpose project, an important effort toward making hydroelectric power and irrigation facilities available in southern Lebanon, was actually begun in 1951 when ICA financed a study to investigate the economic feasibility of such a project. Based on this study a project-proposal was submitted to the IBRD which in 1955 established a \$27 million credit for the foreign exchange costs of Litani's first phase; it is estimated that the project will eventually cost about \$100 million of public funds.

Only about \$4 million of the IBRD loan have been drawn down to date, but with the return of political stability it is expected that construction will proceed at a faster rate. The first stage alone will provide power facilities to generate 84,000 kilowatts and will do it cheaper than thermal facilities could; in 10 years the power plans envisioned under the project will provide approximately 60 percent of Lebanon's total hydroelectric power consumption. This first stage of the Litani will also permit the irrigation of about 8,500 acres of privately owned farmland along the Mediterranean coast.

The comprehensive Litani project, of which the first stage only is discussed above, will provide for the construction of six hydroelectric installations totalling a capacity of 171,000 kilowatts, transmission lines connecting the powerplants with the load centers, and of storage dams to bring more than 50,000 new acres under cultivation. The irrigation will directly assist private farmers in the region and the power will serve to diversify the economy and stimulate the growth of new industries.

The agricultural bank which was established and financed by the Lebanese Government in 1957 for the purpose, among others, of granting long term agricultural and industrial loans, has functioned in practice on a short term loan basis only. Recently, ICA has offered to give technical assistance in reorganizing this bank as an overall Agricultural-Industrial Development Bank able to make short term as well as long term loans to small farmers and industrialists.

The Industrial Institute which began operating in 1956 was established by the Lebanese Government and the Lebanese Association of Industrialists with the help of U.S. technical assistance. The purpose of this Institute is to assist industry in research and development, to increase private industrial productivity, and to improve economic stability by reducing dependence on trade and services. The operation of this Institution has resulted in over 100 industry-sponsored projects being implemented for Lebanon as well as Syria, Jordan, and Iraq which it also services.

TURKEY

Since the days of Kemal Ataturk, the Government of Turkey has itself assumed chief responsibility for modernizing Turkey. Government investments in economic overhead projects and in a broad industrialization program, have resulted in a heavy concentration of state-owned industries. Although much can be and is being done through public investment in improving communications, constructing multipurpose dams, etc., considerable public investment of this nature has already been completed. To the extent that the Turkish Government operated in the industrial field, private capital was discouraged. In more recent years, the Government of Turkey, while continuing on a modified basis its activities in publicly owned industries, has also placed increasing reliance upon the resources and initiative of private enterprise.

The impetus thus given to private investment imposed demands on the existing banking institutions that had been organized to meet only a limited private requirement and emphasized commercial lending activities. The way in which government and private efforts may be coordinated to stimulate the further expansion of the private sector is illustrated by the brief description of the background and current status of the Industrial Development Bank of Turkey below.

Early in 1949, to help meet the new demand from the private sector, the Government of Turkey and Turkish private interests joined in asking the IBRD to assist in stimulating the investment of private capital. Agreement was reached on a plan for the establishment of a privately owned and operated medium- and long-term credit institution whose equity capital of TL12,500,000 (\$4,500,000) would be supplemented by the same amount in local currency loans from the Central Bank of Turkey and by a foreign exchange loan from the IBRD. In December 1949, IBRD expressed its willingness to match in foreign exchange the local currency resources of the proposed institution by lending up to \$9 million, provided its organization and management were satisfactory to the Bank.

A group of private banks and other private enterprises and institutions formed the Industrial Development Bank of Turkey (IDB), which became a legal entity on June 2, 1950, and has as its primary objectives: The establishment of new private enterprises and the expansion and modernization of existing private enterprises in Turkey; the participation of private capital, both domestic and foreign, in industry established in Turkey; the private ownership of securities pertaining to Turkish industry; and the development of a securities market in Turkey.

The first IBRD loan agreement for \$9 million, guaranteed by the Republic of Turkey, became effective on February 28, 1951. A second loan of \$9 million was made available on September 10, 1953. ICA (and its predecessor FOA) made available the following foreign exchange to the IDB: 1954, \$5.1 million; 1955, \$891,000; 1956, \$2 million; 1957, \$1.5 million (estimated), or a total of \$7,991,000. In September 1958 the Development Loan Fund also provided this Bank with a loan of \$10 million for the purpose of enabling the Bank to provide long-term credit to private industrial enterprises in Turkey. This particular loan was used to cover foreign exchange component of approximately 25 loan applications from private investors.

From its inception through December 1956 the Bank received almost 2,000 loan applications with a total value of TL696 million. Of these loan applications, it has approved 272 with a total value of TL172 million. This has been more than matched by fixed and working capital investment of the borrowers of TL280 million. A measure of the

effect on the economy of this industrial investment of over TL400 million is the estimated net value of about TL350 million added to the national income from the increased industrial production.

During the first 8 years of its existence the Industrial Development Bank has supported 371 private industrial projects. Plants built with the Bank's help, currently account for approximately half of Turkey's cement, meat-packing, and fish-canning capacity.

New industrial investment financed by the Bank has tended to flow into the production of needed consumer goods that could be economically manufactured with Turkey's present resources and would at the same time result in the saving of foreign exchange.

The bank's loans have not been concentrated with a few large firms but have been fairly widely dispersed thus aiding in the buildup of a broadly based entrepreneurial group. Loans, moreover, in the past 5 years have been extended to new fields of industry rather than to the established ones, thus stimulating a healthy diversification of Turkish industry.

ISRAEL

Israel has made significant economic progress since its emergence as a state in 1948. This progress has been facilitated by large transfers of capital inflows from abroad including contributions of world Jewry, official U.S. assistance, German reparations, restitutions, and miscellaneous international credits. U.S. official assistance since 1948 totals \$670 million. Assistance from other external sources in the period 1956-59 totals roughly \$1 billion.

To this external help, Israel was able to contribute the skill and enterprise of her people and thus obtain, despite scanty natural resources, a standard of living which today approaches that of some areas in Western Europe. The growth in per capita income from \$704 in 1953 to \$914 in 1958 (in constant prices) is a measure of the degree to which external resources and Israeli efforts have been effective. It also reflects a deliberate choice by Israel to support a large investment program aiming at rapid economic development.

In Israel heavy investments and other factors have resulted in inflationary pressure and its concomitant—a low level of private savings. Thus far, only a relatively small increment for the economic development of Israel has come from domestic savings. There is some indication that this is slowly changing.

During the earlier years of Israel's existence, there was a strong tendency toward large cooperative or collective ventures as well as government ownership or control of industry. In recent years government policy has been revised and some steps have been taken to encourage private enterprise. However, the existing credit controls restrict the flow of capital into industrial development.

The Israel Industrial Institution (I.I.I.) was established late in 1957 to help overcome the scarcity of capital for industrial development in the private sector. This autonomous institution is intended to help encourage the flow of private savings to productive investment. By the end of July 1958, the institution had authorized loans to 166 applicants and it is expected to make many times this number of loans as it gains more experience and utilizes the credits recently made available by the United States. The I.I.I. has been assisted by the loan of 20 million Israeli pounds (equivalent to about \$11 million) of Public Law 480 funds and by the DLF which in February 1959 loaned the institution \$5 million to help provide the foreign exchange for loans for industrial expansion in the private sector.

All industry in Israel is dependent upon fuel-generated electricity; increased power availabilities in the country has resulted in the formation of new industries. An ex-

ample of this may be found in the Negev area where the provision of government financed power stations resulted in the founding of a number of small government and private enterprises including a ceramics industry and a steel-pipe plant. The U.S. aid program has also emphasized assistance in increasing power generation; in this regard the most recent illustration is the new 50,000-kilowatt unit of the 150,000-kilowatt generating plant at Ashdod, which in large part was financed by U.S. aid.

Since 1948 the Government of Israel has carried out a vigorous program of developing its water resources for agricultural and urban uses. From an irrigated area of about only 70,000 acres in 1948-49 the area under irrigation has been increased to around 220,000 acres by 1957. (This compares to a relatively stable nonirrigated cultivated area of about 800,000 acres). Much of this new land is being tilled by private farmers. U.S. technical assistance is being used in developing Israel's water resources. An example of this is the development of the water resources of the Yarkon River which are now used partly for the supply of water to Tel Aviv and partly for the irrigation of the Negev where for the first time for two thousand years the land is being made productive.

In the present situation, U.S. technical assistance to Israel is intended to help develop agricultural and industrial resources, increase productive capacity, facilitate Israel's exports and create a climate which would encourage both domestic and foreign private investment. While significant progress has been made toward meeting some of Israel's high-priority public investment needs, prospects of large scale private foreign investment are limited so long as tension exists between Israel and its Arab neighbors. Limited amounts of capital investment, of course, will continue to flow into Israel from world Jewry.

JORDAN

The ability of Jordan, which is primarily an agricultural country, to finance either internal or external costs of development is extremely limited. The sparse and underdeveloped resources can scarcely support the indigenous population and are quite incapable of supporting the additional 500,000 Palestinian refugees. Much of Jordan's total foreign exchange receipts are accounted for by foreign grants and credits. In brief, the country's situation is such that foreign financial assistance is mandatory for survival and economic development.

Under the existing political and economic circumstances in Jordan, the extent to which private capital could be attracted by any means whatever is unclear. It is, however, evident that if Jordan is to become a more viable economy, increased public investment must be made not only in economic overhead projects such as, for example, improved facilities at the port of Aqaba and railroad and highway construction but also what would normally be considered the private domain.

Recognizing that a rapid and large flow of private investment into Jordan may not be in immediate prospect, there follow two examples of positive private responses to spade-work done with U.S. public investment and a third very recent example which should produce such responses.

1. In 1954, ICA provided technical assistance in making a geological survey in Jordan. As a result of this survey private American capital is now investing in oil exploration work in that country.

2. An ICA-financed technical assistance survey of the Dead Sea resources resulted in the organization of a company, financed by both Government and private funds, engaging in the exploitation and refining of potash products.

3. In January 1959, the Development Loan Fund authorized a \$1.2 million loan to the Trans Jordan Electric Power Co. to assist in expanding the power generating and distribution facilities of this company which supplies power needs to Amman, Jordan. The company, a private corporation, supplies energy for household and industrial uses. The increased capacity provided by this new loan will help meet the growing demand for power by industrial establishments. It is also expected that the increased availability of power will help stimulate the inception of new industries.

NIGERIA AND GHANA

Nigeria, a tropical country on the West Coast of Africa, has a basically subsistence economy. The majority of the population produce only for their own use; little moves from the immediate village. Nevertheless, Nigeria is moving toward the development of a more modern economy, particularly with respect to the railroad facilities described below. If the country's growth is to continue, however, further development of basic capital will be required.

The economic development of Nigeria has followed the building of the railroads. Until the railway was extended into the northern region in the early years of this century, little was exported from the region. About 480,000 tons of peanuts and peanut products alone now are shipped from the north. These peanuts are usually grown on small native-owned farms which would probably not have been put into operation without the railroad. The railroad was developed with the aid of the government; after the government furnished a fairly rapid and cheap means of transportation, private enterprise was willing to enter and make use of these facilities. Much more is to be expected from this region due to an IBRD loan of \$28 million for railway renewal and development negotiated in 1958.

While the firms involved and other details cannot be identified here, Nigeria's experience also provides an interesting example of the way in which public investment may be a prerequisite to private investment. Private interests were considering the establishment of a tire-manufacturing industry and an automobile assembly plant in Nigeria; a condition of their establishment was government participation in order to build the needed complementary basic facilities. When the government refused to participate to the desired degree the private firms withdrew.

The situation in Ghana is similar to that in Nigeria. Ghana is essentially a subsistence economy, even though it is the world's major supplier of cocoa. In an attempt to free the economy from dependence on this single crop, Ghana has increasingly sought to prepare the way for some industrial development. The country has a number of superb hydroelectric sites located near extremely rich deposits of bauxite. Extensive surveys have demonstrated the technical feasibility of dam and power construction on the Volta River. The investment required for this purpose is enormous, and estimates range from \$700 million to \$1 billion. It would be uneconomical to undertake such a project unless aluminum manufacture and other possible uses for the large amounts of power could be assured. The U.S. Government has been assisting the Government of Ghana by bringing this investment opportunity to the attention of private companies.

A serious dilemma has arisen in connection with this project: Unless customers for the power can be assured, financing for the dam and power project will not be forthcoming from Western sources. On the other hand, no single private company or even a group of companies would be prepared to invest the huge sums required until they can

be reasonably certain the power project will be completed. Meanwhile we have contributed to the cost of up-dating the previous survey, and the Ghana Government has contracted with Kaiser Industries for some preliminary work at the dam site.

MOROCCO AND TUNISIA

Morocco and Tunisia, are still engaged in the process of working out plans for their future development. Given the short lapse of time since independence and current uncertainties about the priorities to be given various sectors, it would probably be more useful to consider the experience of the recent past under French administration.

These countries were provided with relatively elaborate and extensive economic overhead facilities which surpass in scope and quality those of many of the underdeveloped areas today. Even with large infusions of public investment in the past, there are still opportunities for additional public investments which would add to the productive possibilities of these countries. The basic approach of the French was to undertake long range development programs which involved grants and long-term loans at low interest rates. This public investment could not have been undertaken by any individual or group of private investors with the expectation of a reasonable return.

The French programs favored agricultural production and marketing. Dams, roads, and port development were characteristic of the programs. This type of endeavor was accompanied by demonstration projects for the introduction of modern agricultural techniques and by the creation of agricultural credit institutions. The relatively well-developed economic overhead thus made it possible and desirable for individual entrepreneurs to undertake substantial improvements in their land, to invest in marketing and distribution facilities, and in trading activity. In a general climate favorable for further private investment, the economies were gradually but perceptibly being transformed into modern, market economies. However, the majority of the population in both countries remains occupied in the traditional economy.

Beginning in 1957, the U.S. aid program in Morocco has consisted of loans to assist the Government in financing its development budget. About one half of the requirements have been provided by the United States and have supported continuation of programs under French administration. In Tunisia, the United States has financed agricultural projects aimed at reclaiming land and improving water resources. In addition we have helped to establish an industrial loan fund used by the Tunisian Development Bank to encourage the expansion of private enterprise.

SOUTHERN ITALY

Although Italy as a whole cannot be considered an underdeveloped country, the imbalance in development between the north and the south of the country is striking. Since 1950, the Italian Government with the help of the World Bank and private capital has sought to redress the balance through a special program in southern Italy. The main instrument of the Government's program is the Cassa per il Mezzogiorno, literally "Bank for the South." The Cassa is much more than a bank: It is an administrative agency which draws up plans, supervises their execution, and encourages the participation of private business. In the first 7 years of this program, public investment of over \$1 billion has been accompanied by private investments of over \$300 million.

The Cassa has stimulated private investment in land improvement, food processing and tourist facilities. Private improvements in land have provided thousands of new jobs

Private investment in manufacturing has been made possible by the existence of the large-scale public program, and private entrepreneurs have found it possible to borrow from Italian banks for this purpose as a result of confidence in the future development of the south. While it would probably be an exaggeration to claim that economic growth in the south has been placed on a self-sustaining basis as a result of the public program, it is fair to say that real progress has been made in this direction and that the outlook for continued improvement is favorable.

INDIA

India has given high priority to the creation of basic economic facilities and institutions necessary for economic development. These in turn have and will probably continue to stimulate private capital formation. This impetus is evidenced in the encouragement that India's large public investment program (involving expenditures for the second 5-year plan period ending March 1961 of \$9.5 billion) has given development in the private sector. In recent years, private investment and production has in fact been growing rapidly, more rapidly than can be supported by the foreign exchange Indian authorities have made available for imports. While the impact on foreign businessmen is not yet clear, Americans and other business interests are much impressed with the potentialities for trade and investment and in some cases including the activities of U.S. firms, important investments have been made. Private foreign investment in India is increasing by about \$50 to \$75 million annually; American investment is currently estimated at \$150 million and is concentrated in petroleum distribution and manufacturing.

The investments undertaken in India by the Government with external assistance are, at this stage of the country's development, generally of a nature and size unsuitable to private enterprise or by current Indian concepts fall more appropriately within the public sphere. Indian developmental requirements are heavily concentrated in the modernization and expansion of such facilities as electric power, railroads, highways, ports, and the creation of effective agricultural education and extension institutions. There is little reason to believe that these activities would attract sizable amounts of private foreign capital. India has personnel able to organize and operate economic enterprises. In the absence of external assistance, many of the projects now contributing to Indian economic growth, however, could only go forward on a limited scale if at all. Assistance from free world countries and international organizations, moreover, fosters a climate conducive to the development of private enterprise in India and in some cases provides direct support to private capital.

Some of the ways in which such assistance complements and furthers the development of private activities are illustrated below:

1. Basic overhead facilities: Among the loans IBRD has extended to India are three credits totaling \$52.2 million to assist in a development program for the Damodar River Valley (in the States of Bihar and Bengal), which has a population of close to 70 million and represents the most highly developed industrial region in India. This program is being carried out under the Damodar Valley Corporation, an Indian Government agency modeled on the TVA. The power generated by the projects under the IBRD credits will satisfy the anticipated doubling in the demand for power by basic industries, small factories, and domestic consumers in this area within 10 years. This government undertaking will thus permit an expansion of private industry which could not otherwise take place. The barge and canal system will make year-round water

available for about 1 million acres of privately owned farmland, thereby increasing food production by an estimated \$50 million per year. These benefits, plus the advantages of flood control, fishing, and navigation will largely accrue to the private sector.

Railroad expansion and modernization is a key element in the Indian second 5-year plan. The goal for the overall railroad program is to enable the presently overloaded system to carry 54 million tons of additional freight annually by 1961 (thereby raising freight capacity to 168 million tons) and to provide for a 15-percent increase in passenger services. Increased freight capacity is needed among other reasons to help move the raw material and finished products of India's expanding private industry. The railroad program includes procurement of additional locomotives, freight cars and coaches, renewal of tracks, installation of signaling equipment, and electrification of certain lines. The estimated total cost of this program is the equivalent of \$2.4 billion, of which about \$820 million represents foreign exchange costs. Substantial assistance toward achieving India's objectives in this field is being provided by the IBRD and the DLF. Loans from the IBRD total \$208 million and partially cover the foreign exchange costs of many of the above items. The Development Loan Fund has made two loans, totaling \$75 million in support of the Indian railroad program. A substantial portion of the DLF credits will finance the importation of structural steel and other steel products for the manufacture of freight cars, coaches, and steam locomotives.

The Development Loan Fund has also established a \$10 million credit for equipment, supplies, and materials needed to complete or to continue a variety of power projects. This loan will support at least 14 of the power projects undertaken by the Government of India in connection with the second 5-year plan.

2. Institution building: ICA's technical assistance program is making available to India the services of specialists and training facilities, helpful in stimulating private activities. In India, agricultural production and marketing is largely in private hands; the small farmer will be the chief beneficiary of the assistance being provided to agricultural education, research and extension. The National Productivity Center established in 1958 with U.S. assistance will provide a similar stimulus to output and efficiency in the private sector. Public Law 480 local currency has been used in India to help establish a new banking institution, the Refinance Corporation of India, which will make loans to private medium-sized industries through established Indian commercial banks. It is important to note that India commercial banks had not previously made loans of this kind. In support of this activity, Indian bank executives have come to the United States to study U.S. banking procedures.

The shortage of risk capital has for long been one of the major handicaps to the growth of industry in India. Following a proposal by a commission appointed by India's Reserve Bank to examine ways of mobilizing private savings, India, the IBRD, and private foreign interests jointly undertook the establishment of the Industrial Credit and Investment Corporation of India (ICICI) in 1955. Equity capital is provided by banks, insurance companies, and other interests in India, as well as by private investors in the United States and the United Kingdom. The IBRD has made a \$10 million loan to the institution; the Government of India has made a sizeable local currency advance to ICICI of counterpart funds derived from U.S. aid.

The principal objective of the ICICI is to assist in the creation and expansion of industrial enterprises in the private sector.

It is expected that the ICICI will be able to mobilize Indian funds not now available to industry and in time increase the flow of foreign funds into India. In view of ICICI's ties abroad, it is in an unusually good position to assist Indian industry to obtain technical advice and managerial experience. By the end of 1958 this institution had provided assistance totaling Rs 134 million (\$28 million) to 44 companies; this activity included local currency and foreign exchange loans guarantees and capital stock purchases.

3. Direct cooperation with private capital: Through external assistance and India's own efforts, resources have been made available that have enabled important enterprises to undertake modernization and expansion programs. Illustrations of this point are the IBRD loans to the private iron and steel industry and the recent DLF loans for the steel, cement, and jute industries.

The IBRD has loaned \$50 million to the Tata Iron & Steel Co. for expansion of capacity. This company is the owner of the largest integrated steel plant in Asia producing about 70 percent of India's output of ingot steel. IBRD loans (totaling \$50 million) have been made to the Indian Iron and Steel Company (IISCO) to increase the production of pig iron and finished steel. It is interesting to note that an important consideration in the granting of both the Tata and IISCO loans is the expected increase in availability of power under the Damodar River Valley development program. It may be noted that the Government of India guarantees IBRD loans to private enterprise.

A Development Loan Fund loan of \$22 million has been approved for steel imports for the private sector. Including a variety of steel and steel products, the loan will facilitate private expansion in the fertilizer, motor vehicle, machine tools, and railway rolling stock industries. The proceeds of \$15 million loan by the Development Loan Fund will be used by various private firms to purchase machinery and other capital goods. Development Loan Fund has made \$5 million available to purchase equipment for the expansion of India's privately owned cement industry. An additional \$5 million has been loaned by Development Loan Fund to purchase equipment for use by private businessmen in modernizing and expanding the jute industry.

4. Incentives to private investment: The Government's program for economic development has stimulated demands in many sectors of the economy in private hands. This can be illustrated in specific industries. The cement, aluminum, ferro-manganese, and chemical industries are growing rapidly in capacity and output because of present and anticipated needs in the public and private sectors. Many U.S. businessmen are impressed with the opportunities for trade and investment offered by the growing Indian market. For example, the U.S. trade mission to Calcutta and eastern India, now in India, has already held discussions with 2,670 businessmen and Government officials and reports excellent trade and investment potentialities in a large number of fields. A 1958 trade mission to northern India found "an unprecedented expanding market for a wide variety of essential products." It should be noted that, while important obstacles remain, the Government of India has taken important steps to encourage foreign private investment.

Direct measures to foster Indian private enterprise have also been undertaken recently. The Industrial Finance Corporation (IFC) is a Government lending institution that provides credits to private enterprise. Under the small industries program, loans are being made to enable such enterprises to expand their activities. The Government is assisting in the creation of indus-

trial estates, thereby attempting to locate several related industries in one area and provide economic advantages to each.

THE PHILIPPINES

Postwar recovery and economic growth proceeded at a relatively rapid rate in the Philippines until 1957 and 1958 when inflationary forces and balance of payments difficulties engendered serious problems. The agricultural and other potentialities of the country are impressive and there is already a nucleus of technical skills and administrative services. It is clear, however, that Philippine resources do not yet adequately cover developmental requirements, particularly with respect to basic power, transportation, and other needs, and that external help is also essential if private enterprise is to develop further in agriculture, industry, and mining.

The Philippines is essentially a private enterprise economy. Private capital formation has been growing in encouraging proportions, largely as a result of the efforts of local businessmen but in important measure through extensive foreign private investment during the postwar period.

U.S. direct private investment is estimated at more than \$350 million making the Philippines one of the leading areas of U.S. investment in Asia. American investment is largely concentrated in trade and manufacturing; less than 2 percent is in public utility and transportation. While private investment in the Philippines cannot be linked by conclusive evidence to the public resources made available to the Republic, there is no doubt that continued U.S. financial assistance and our other close ties—economic, political, cultural—with the Philippines are major elements stimulating foreign investment in the country.

Two major areas in which external assistance has stimulated private investment can be readily identified: (1) The provision of such basic facilities as roads, railroads, harbor facilities, and power and (2) institution building activities, e.g., the development of the Philippine agricultural extension service and adequate means for channeling credit to small business. The efforts made to stimulate private mineral exploration are also noteworthy.

Basic facilities

In the economic overhead category, examples might be drawn from U.S. assistance provided under the Development Loan Fund, ICA, and the U.S. Export-Import Bank. The Development Loan Fund has approved a loan for \$18.8 million for improvement and expansion of the Philippine highway system; the purposes of the loan emphasize procurement of the equipment necessary to maintain the highway system upon which the basically agricultural economy of the Philippines very largely depends.

Along the same line, the Eximbank extended a \$5.5 million line of credit to the Philippine Long Distance Telephone Co. (which is largely American owned) in the autumn of 1956. This credit was used as partial financing of the company's 1957-59 construction program which is designed to add approximately 18,000 telephones to the system by the end of the program period. This will be an increase of 34 percent in a service of obvious importance for the developing Philippine commercial economy.

The International Bank for Reconstruction and Development has assisted in the establishment of basic facilities by, for example, its \$21 billion loan to the National Power Corp. for the Binga hydroelectric project on the Agno River. This project is 1 of 6 planned for developing the power potential north of Manila; Binga will add 100,000 kilowatt for various uses in the expanding industrial sector of the Philippine economy.

With its undeniable industrial expansion, the Philippine economy remains, as noted,

basically agricultural. ICA assistance has contributed to substantial increases in Philippine agricultural production by support for the modernization and construction of irrigation systems and the development of plants for improved use of water resources. Irrigable areas in ICA aided projects now total 375,000 acres. Given the advances that Filipinos have made in agricultural production, it stands 80 percent higher than it did in prewar years; this is a 14 percent per capita increase.

Basic services

Much of ICA's work in the Philippines has been aimed at developing agencies and techniques that will effectively support the country's growth. ICA's agricultural efforts have been channeled through the government so that appropriate agencies may be trained to carry on extension services activities in the future. This can be seen on the industrial side as well: Largely through ICA stimulation and advice the Industrial Development Center (IDC) has been created to provide technical guidance and related services designed to boost productivity in industrial plants. The Philippine Government has relied on IDC recommendations in advancing credits to more than 200 privately owned industrial enterprises.

The Industrial Development Center is the kind of institution that can make a major contribution to Philippine economic development. Under this project, more than 100 Filipinos have been sent to this and other countries in the past 3 years for advanced training in manufacturing. In the Philippines senior and medium management trainees receive courses in supervisory methods and techniques; the service plant courses alone have over 1,000 enrolled. Assistance in cost control accounting has been given to 1,000 firms. As one of its services to the principal credit institutions of the Philippines, the IDC operates a loan-guarantee fund under which local banks are assured repayment of long- and medium-term loans. This has enabled these banks to enter the longer-term loan field for the first time.

The center has been in operation for 3 years, and estimates of its work credit it with the creation of 9,700 new production jobs and the addition of \$114 million to the annual industrial output of the Philippines.

Loans from U.S. Government sources are also assisting in the development of institutions conducive to private enterprise. One such example is the new departure which the Eximbank made in 1954 in the establishment of individual lines of credit to five individual Philippine banks aggregating \$3,750,000 to enable them to assist small business to purchase U.S. goods and services. Similarly, the Development Loan Fund is supporting a small industry loan fund amounting to \$5 million channeled through the Central Bank for the purpose of financing foreign-exchange costs of materials, equipment, and services needed by small privately owned industries. It is expected that preferential consideration will be given to sugar centrals, logging and sawmill industries, coconut and copra products, plywood and veneer, and mining companies.

Assistance in the development of mineral resources

Of particular interest is the assistance that ICA has given in the exploration and preliminary assay of commercially exploitable mineral and fuel deposits. Recently the ICA mission completed its mineral explorations on Nonoc Island, where iron, nickel, chrome, and cobalt were found in quantities which, if mined and sold at today's prices, would produce a gross revenue estimated at about \$6 million.

Along the same lines, the ICA mission supplied a petroleum geologist as an adviser to the Philippine Bureau of Mines; he helped

to draw up the basic maps and the operating regulations under which several companies are now drilling for oil and gas. This preliminary effort has encouraged Standard Vacuum (Stanvac) to sink test wells; it has also encouraged the creation of about 20 local Filipino organizations for the same purpose.

LATIN AMERICA

Of the major areas of the free world to which American assistance to promote economic development is extended, Latin America is relatively the most developed, the per capita gross national product having reached \$293 in 1957. Over the 1950-57 period, real output for the area as a whole increased at an average rate of about 4 percent a year but should be appraised against the rate of population increase of about 2.7 percent per annum. To sustain this rate of growth, substantial amounts of both private direct investment and government assistance from abroad will be required. Over the 1950-57 period net capital inflow was the equivalent of approximately 13 percent of net domestic investment in Latin America. Direct private investment constituted over half of the flow of external capital. The rising volume of direct private investment tends to be made in predominantly export-earning industries. Yet expansion in the private sector is largely dependent on the extension of the basic economic and social overhead projects which must generally be financed by public capital, both domestic and foreign.

In Latin America, the largest amount of U.S. economic aid has been in the form of loans from the Export-Import Bank. The Bank has had considerable success in supplementing and encouraging private investment abroad. In the 6-month period ending December 31, 1958, U.S. commercial banks, private investors, exporters, and manufacturers extended credit or made investments in Latin America amounting to \$136,600,000 in connection with credits and allocations authorized by the Eximbank. Since 1952 credits overseas by the Bank—a large proportion to the American Republics—have resulted in concurrent loans and equity investments abroad by U.S. private interests, together with nonrecourse sale of obligations held by the Bank, in excess of \$880 million. In addition, commercial banks and others consistently advance between \$300 million and \$400 million annually in connection with short- and medium-term credits with the Bank's guarantee.

In addition, Eximbank and IBRD financing of powerplants, roads, agriculture, and industry in Latin America has undoubtedly encouraged and facilitated a later flow of private investment. For example, the creation of a growing automobile and truck manufacturing industry in Brazil, including plants of Ford, General Motors, Willys Overland, and International Harvester, would hardly have been possible without a Brazilian steel industry. Eximbank loans of \$110 million between 1940 and 1956 to the Brazilian National Steel Co. played a major role in financing this industry.

Mexico provides another example of the complementarity of public and private investment (both domestic and foreign) in this case in the development of the economy. Construction of railroads in the 1880's and hydroelectric power plants in the 1890's greatly stimulated the creation and expansion of a wide range of consumer goods and heavy industries. Again in the 1930's it was Government spending on a wide range of public works programs which laid the basis for a rapid expansion of private industry in the wartime and postwar years, including the participation of American private capital on a large scale. New opportunities for private capital, both foreign and domestic, can be expected to open up in the new agricultural region of north-

west Mexico as the result of the complete rehabilitation of the Pacific Railway—a project made possible by a \$61 million loan by the IBRD. Another loan by the IBRD of \$54 million to the Federal Electricity Commission to increase its capacity to supply the power widely used for the irrigation projects which are transforming the agriculture of Mexico will also provide a basis for further industrial and commercial expansion by private interests.

Even so, there is some reason to believe that the falling rate of public investment in Mexico associated with a continued rise in the volume of private investment, is already resulting in bottlenecks in basic public services which are beginning to limit opportunities for further expansion of the private sector.

As in the case of the Eximbank and IBRD, a number of the projects currently being financed in Latin America by the Development Loan Fund can be expected ultimately to result in increased private domestic and foreign investment. The U.S. technical assistance programs can also be expected to encourage private activities, often in ways which are not foreseen. For example, the U.S. aid mission to Cuba in 1952 and subsequent years experimented with kenaf fiber production and were able to develop more disease resistant plants with a higher yield. These developments are in part responsible for the fact that DLF was recently in a position to announce a \$400,000 loan to a private company in Guatemala to establish a kenaf bag factory in Guatemala. Both American and local private capital are helping to finance this factory, which is expected to assist the Guatemalan balance of payments by reducing foreign exchange needs for the importation of jute bags for the packaging of coffee, Guatemala's principal export.

ILLUSTRATIVE DEVELOPMENT LOAN FUND APPROVED LOANS

The following descriptions of the Development Loan Fund projects, selected for their varied geographical and functional characteristics, illustrate United States efforts to lay a firm foundation for the promotion of productive private enterprises. It should be noted that Development Loan Fund is precluded from making loans such as these, where private investment capital or other sources of financing are available on reasonable terms.

Israel

Israel Industrial Institution (I.I.I.): The I.I.I. is a central, independent financial institution which makes long and intermediate term credits available for private industrial investment in Israel, a task which commercial banks have not been able to accomplish. I.I.I. may participate in share capital, grant loans, make guarantees, or in any other way encourage private economic development in Israel. The Development Loan Fund loan will provide foreign exchange in connection with loans for industrial projects which are fairly large by Israel's standards, but are too small for direct assistance from the Development Loan Fund. The amount of the Development Loan Fund loan is \$5 million.

Spain

Irrigation (earthmoving equipment): This loan for \$7,700,000 will finance the importation of earthmoving and other machinery necessary for the conversion of 190,000 acres of dryland wheat and grazing land into irrigated farms. Despite the fact that about 50 percent of the population is engaged in agriculture, it is necessary for Spain to import much of its food; annual imports have been as high as \$170 million. The completion of the entire project of which the Development Loan Fund financing is only a part—the remainder comes from Spanish sources—will increase irrigated areas by 8 percent and add

to agricultural output by an estimated \$25 million a year, of which \$16 million will come from the 190,000 acres under consideration.

Ecuador

Pan-American Highway: This loan for \$4,700,000 will be used to help complete the Pan-American Highway over a 128-mile stretch near the Peruvian border; with its completion, it will be possible to travel by auto in an unbroken route between Caracas and Buenos Aires.

This road will also be of great importance for Ecuador and its highway system now being built with World Bank assistance. The stretch on which the Development Loan Fund is providing financing is in Loja Province and will constitute the main route for exporting goods from that district. Although only 9.3 percent of the total area in Loja is now under cultivation, the climate is favorable for growing bananas, plantain, corn, barley, coffee, beans, peas, potatoes, rice, peanuts, wheat, sugarcane, oranges, avocados, and livestock. The completion of the road will encourage increased production of foodstuffs, for the domestic and export markets, thus improving Ecuador's foreign exchange position.

Ceylon

Irrigation and land development: This loan for \$1,600,000 will assist the financing of equipment and materials for irrigation and land development and for rehabilitating flood damaged reservoirs; it is anticipated that this loan will allow the completion of 13 irrigation systems which are parts of a project already begun. The completion of the 13 schemes will allow irrigation of 29,000 acres of privately owned land; this project calls for reclamation of an additional 18,000 acres of upland adjacent to the irrigation areas. This will provide cultivable land and a means of livelihood for some 23,000 landless farm families. Also involved is the establishment of an adequate equipment repair depot near Anuradhapura for repairing department of irrigation equipment.

Liberia

Liberia telecommunications: This loan for \$3 million will help to pay the foreign exchange costs for equipment, materials, and services needed for renovation, repair, and coordination of the telecommunications facilities and services in Liberia. At the present time there are isolated systems of private organizations and newly developing companies; the country lacks an integrated telecommunications system, a situation which hampers economic development. The existence of countrywide communications facilities will be an additional incentive to prospective investors interested in the possibility of developing Liberia's mineral, forestry and agricultural resources. There is also a demand for broader services in the expanding coastal area and the inland region as well.

Pakistan

West Pakistan high tension grid: This loan for \$14,700,000 is to assist in financing the cost of equipment and services needed for power transmission lines in the west Pakistan high tension grid, part of a major power development scheme underway in the industrial center of the country. The program will expand generating capacity from a summer level of 150 million watts to 470 million watts and from a winter level of 130 million watts to 440 million watts by 1960; there will be further expansion after 1960.

The grid is designed to integrate distribution of hydroelectric power generated by plants in the north and thermal power from plants in the south. Such integration will insure an adequate flow of power from the thermal plants during seasons when hydroelectric power is reduced by lower water flow.

It will also provide for maximum distribution of hydroelectric power when capacity is increased by high water flow. As a result, Pakistan's growing and largely privately owned industry and commerce will be provided with a more sufficient and uniform source of power.

Malaya

North Klang Straits: This loan for \$10 million will provide for the construction of a deepwater port near Port Swettenham in the North Klang Straits. Port Swettenham has been growing in importance for many years as a gateway for traffic, especially cargo traffic; tonnage handled is now 50 percent above the prewar peak and the proximity of the port to Kuala Lumpur, the Federal City, is likely to increase the importance of this port area. The change in the character of the import trade from preponderantly bulk goods to merchandise cargo and changes in Malaya's export trade has radically changed the requirements for an import wharf. This project should also stimulate the development of industry in Malaya and lend impetus to the encouragement the Government of Malaya offers to private foreign investment.

Thailand

Bangkok power distribution: This loan of \$20 million provides for financing the foreign exchange costs for a system capable of distributing 250,000 kilowatts in the Bangkok area and will provide accommodation for the power generated by the Yanhee hydroelectric project and a 75-million-watt steam unit. The distribution system is essential if the Bangkok area (Thailand's center of industry and commerce), is to benefit from Yanhee and the contemplated thermal unit. In view of the growing industrial complex in the Bangkok area, which is largely in private hands, it is expected that the increased power and distribution system will be fully used as new power-using industry is attracted.

Mr. JAVITS. Mr. President, I shall very briefly refer to this information; because I think it proves the point beyond peradventure of doubt. It proves the following:

First, we need a certain span. Five years is by no means too long.

Second, we need adequate amounts of money. The amount of money provided by the substitute amendment, well intentioned as it is, will simply be inadequate. We need at least a billion dollars a year.

Third, wherever we do not step in the Russians will come in to fill the vacuum. Let us not forget that. We are not in this business on our own. This is the hardest, roughest, toughest kind of competition.

I saw Mr. Kozlov at a private dinner in New York on Sunday evening, and undoubtedly had an experience similar to that which Senators had at lunch today. I can assure Senators of the fact that the Russians are extremely confident. They will move in anywhere we step out, and will be tickled to do it.

The record shows that in Lebanon, Turkey, Israel, Jordan, Nigeria, and Ghana, Morocco, and Tunisia, southern Italy, India, the Philippines, Latin America, and 11 other countries, we have pretty much the same situation. We cannot have a basis for private investment in those countries unless the stimulus is provided by basic capital for fundamental things like electric power plants, road construction, port modern-

ization, which will cut handling costs and reduce turnabout time, sanitation, and health. All those things are absolutely indispensable.

When we are through with all that, we must give people a little education, so that they can handle modern machinery. They will not tolerate our handling the machines. That is not the way of the modern world.

Finally, we must take account of the fact—and the Senator from Illinois [Mr. DOUGLAS] is holding a great series of hearings on the subject—that we are not in the position which we formerly occupied. We must watch our balance of payments. Our balance of payments may be running against us before too much time goes by. Why? Because there is a lag between the industrialization of the world and the increase in standards of living.

Therefore there should be an effort to soak up the goods produced in the industrial countries, and better the organization of the industrial countries, such as Japan and the European Market Community, to supply the wants of the world. A great amount of goods is chasing customers. What we must do is to make more customers. We are able to do it. We have the priceless ability to invest in order to make more and better customers, not only for us, but for all the world.

If we do not take advantage of this opportunity, we shall be giving the Russians the victory, because they will move in where we do not. If we do not provide a basis for private investment in those countries, if we do not set the basis for private investment which private investment needs, we shall be hurting our own economic future in the United States.

Upon the basis of all those hard grounds—not ephemeral, humanitarian considerations, but sheer survival, and the survival of the economic system of the United States—I hope the Senate will stand with the Senator from Arkansas.

Mr. CLARK. Mr. President, I hope I may have the attention of the Members on the other side of the aisle, because my comments in the first instance will be directed to them.

Twelve years ago, a great initiative was launched, looking to the reconstruction of a Western Europe struggling to rise from the ashes of war and menaced by the corrosive tide of Communist imperialism.

That initiative fired the imagination of the peoples of America and Europe and inspired them to an effort of a kind never before seen in all history. The energies and resources of hundreds of millions of free men were mobilized in the task of peaceful reconstruction.

The Marshall plan is now history. To it, we most certainly owe the present strength and possibly even the continued existence of the free world.

Today we are engaged in another great initiative, looking to the growth and progress of vast underdeveloped areas of the free world in Asia, Africa, the Middle East, and Latin America. The success or failure of this effort will decisively shape the future of this earth for centuries to come.

Its fulfillment will require the dedication of greater energies and resources—and over

a far longer span of time—than did the reconstruction of Western Europe.

For its objective is not just the restoration of a devastated area to a previous state of progress, but the shining goal of helping a billion human beings to throw off their age-old bonds of poverty and ignorance.

The attainment of this goal is essential to our survival. We cannot hope to maintain our way of life surrounded by a sea of misery. The less privileged peoples are reaching out for economic growth with almost desperate determination. We must help them find the way in peace and freedom.

Our major instrument is, of course, the mutual security program.

As the wealthiest and most industrialized country in the world today, the United States remains the principal single free world source for the foreign capital which the less developed countries must have to supplement their own efforts. We must continue to take the lead.

We must do this, not simply as a counter-move to communism, nor as an exercise in charity, but in the same spirit in which the Marshall plan was launched—as a cooperative endeavor, based on mutual respect and interdependence. Our primary aim must not be to achieve short-term political gains or expressions of gratitude. It must be to help the less-developed peoples strengthen their well-being and, thereby, their freedom and independence.

My friends across the aisle may wonder why I said, as I began, that I hoped to have their attention. That is because not a word I have spoken yet is my own. I have been reading from a statement by a great Republican who, when he made it less than a month ago, was the Acting Secretary of State. I refer to C. Douglas Dillon, who delivered an address on the occasion of his receiving an honorary degree from Harvard University, 12 years after George Marshall had received an honorary degree at the same place.

I shall read a little more from Mr. Dillon's speech, because I think it is pertinent; and when I shall have finished I will say to my friends across the aisle, "Follow your leader. Follow the Under Secretary of State. Follow the man whose nomination every Senator on the other side of the aisle voted to confirm a short month ago. Follow the man whose nomination every Member on this side of the aisle except one voted to confirm a short month ago, and let us defeat the amendment proposed by your minority leader in order to stand up for your Under Secretary of State."

Mr. COTTON. Mr. President, will the Senator yield?

Mr. CLARK. I regret that I cannot yield until I conclude my remarks. I shall be happy to yield when I have concluded.

I continue reading from Mr. Dillon's address:

Our foreign aid program would exist even if Lenin had never been born. For in today's shrinking world, it is imperative that ways be found, first to halt, and then to narrow, the still-growing gap between our standards of living and those of the great masses of humanity in Asia, Africa, the Middle East, and Latin America. Such a task is deeply

rooted in the traditions of humanitarianism that have always motivated Americans.

I am convinced that the events of the next 20 to 30 years will determine the state of the world for centuries ahead.

It is imperative that the United States find ways of accelerating its own economic growth while always maintaining the stability of our currency. The 5 percent annual increase recommended as a goal in recent studies would seem to be an absolute minimum.

By accelerating our domestic growth we will deflate the Soviet line that communism represents the "wave of the future." We will demonstrate to the peoples of the newly developing nations that their aspirations can best be met in a free society. And, most important of all, we will create the climate and capacity at home which will permit us to continue the long-term effort needed abroad.

Are we, the peoples of the economically advanced free nations going to persevere in our efforts to help the 1 billion people in the free world's less developed areas place themselves firmly on the road to progress? Or are we going to be found wanting in this supreme test of our free and democratic way of life? If we do not measure up to the challenge—if through unwise or inadequate actions on our part we allow the newly emerging nations to be dragged one-by-one into the Communist orbit—then, as surely as night follows day, our own freedom cannot long endure.

This is a challenge of stamina and perseverance. It entails a coordinated, persistent effort over the next 20, 30, or perhaps even 50 years.

I believe that Americans can rise to the challenge.

But if we are to stay the course, there must be much greater and deeper knowledge of world events among our citizenry. Unfortunately, such widespread knowledge of world affairs is lacking in our country today. This is why many of our people do not fully comprehend the crucial importance of our foreign aid program to our future.

The task of preserving freedom through perseverance has been laid upon my generation and, to an even larger extent, upon your generation. We must meet this task or foreclose our country's future. We cannot simply pass along the assignment to our successors. It will not wait.

We must see the task before us in its historic perspective. We must not permit ourselves to be diverted from it by our involvement in the day-to-day problems of life in a complex world. America owes what it is today to our profound and enduring faith in freedom, justice, and equality of opportunity for all men, everywhere. This is the American message and promise. We must never allow ourselves to forget it.

I turn now to Senators on my side of the aisle. I shall read to them an excerpt from the Democratic national platform of 1956, under the heading "Economic Development Abroad":

ECONOMIC DEVELOPMENT ABROAD

We believe that, in the cause of peace, America must support the efforts of underdeveloped countries on a cooperative basis to organize their own resources and to increase their own economic productivity, so that they may enjoy the higher living standards which science and modern industry make possible. We will give renewed strength to programs of economic and technical assistance. We support a multilateral

approach to these programs, wherever possible; so that burdens are shared and resources pooled among all the economically developed countries with the capital and skills to help in this great task.

Further, while recognizing the relation of our national security to the role of the United States in international affairs, the Democratic Party believes the time has come for a realistic reappraisal of the American foreign-aid program, particularly as to its extent and the conditions under which it should be continued. This reappraisal will determine the standards by which further aid shall be granted, keeping in mind America's prime objective of securing world peace.

That careful reappraisal has been completed since 1956 under the auspices of the Committee on Foreign Relations, whose distinguished chairman has risen in opposition to the Dirksen amendment. That reappraisal has resulted in the bill before the Senate today.

To my Republican friends, I say, Support your Secretary of State. To my Democratic colleagues, I say, Stand by our platform. Beat down the pending amendment.

I now yield to the Senator from New Hampshire.

Mr. COTTON. I thank the Senator from Pennsylvania for yielding. I wish to compliment him, first, upon a very eloquent, sound, and able statement.

Mr. CLARK. The Senator from New Hampshire will recall that the words were not mine, but Mr. Dillon's.

Mr. COTTON. In view of the fact that he, at least at first, addressed himself to this side of the aisle, I shall say to him, before I ask him a question, that it was my privilege to serve in the House of Representatives starting with the 80th Congress. I supported and voted for the Marshall plan. I have never failed to honor President Truman and the leadership of his administration for laying that foundation in our foreign relations.

I have never once failed in 13 years as a Member of the House or Senate to vote for the authorization and the ultimate appropriation bills for foreign aid, even though occasionally I voted for minor reductions.

So it can well be said that neither political party has any monopoly on the desire to see to it that we bolster up the forces of freedom in the world.

Mr. CLARK. I completely agree with the Senator from New Hampshire.

Mr. COTTON. Now I say to the Senator from Pennsylvania, whom I so greatly respect, that in all those years, if my memory serves me correctly—and if I am wrong, I know someone will correct me—in all those years, today, the 1st day of July 1959, is the first time, in the consideration of any foreign aid measure, that we have been up against the proposition of obligating the United States for 5 years in advance and making it possible to reach, by circumventing the Appropriations Committees and Congress, straight into the Treasury for 5 years to the tune of \$1 billion a year.

Mr. CLARK. The Senator is correct.

Mr. COTTON. For the first time in 13 years, because of that fact, I find myself in the position where it will be

very, very difficult for me to vote for the bill with that feature in it.

I grant that this should be a continuing program and that our friends throughout the world should have some reasonable assurance that we will not desert them. Surely they have had that assurance during 13 long years.

The fiscal year expired at midnight last night. Can the Senator from Pennsylvania tell me, on the first day of the new fiscal year, the amount of unspent funds in the foreign aid pipeline this morning?

Mr. CLARK. I wish I could; unfortunately, I cannot. But I am certain that the chairman of the Committee on Foreign Relations could give the Senator that information.

Mr. COTTON. Then I shall be glad to furnish the information which I have just obtained. I think it is correct.

Mr. CLARK. I will yield further in a moment, but may I ask the Senator, when he gives the figures, to be careful to give the amount in the pipeline committed but not spent?

Mr. COTTON. I am not suggesting that it is uncommitted. I am informed by the Comptroller of the International Cooperation Administration that the amount unspent in the pipeline this morning, the 1st day of July, is \$4,871 million. I grant that probably that money is committed. But when it is said that we are not giving the world sufficient assurance of our intention to continue our assistance, when almost \$5 billion is still in the pipeline to be spent, it seems to me that that is sufficient assurance.

I want to vote for the bill. I want to continue to support foreign aid. I believe foreign aid is just as vital to our national defense and the defense of our system of free enterprise as any other expenditure we vote for on this floor.

But I have come to the point, whether in the case of foreign aid or domestic policy, when I believe that the business of obligating ourselves to reach straight into the Treasury and fix conditions so that future Congresses and future Appropriations Committees will lose their control of our expenditures, is even more dangerous than the foes we face across the seas.

I hope the amendment of the Senator from Illinois will be adopted. From the standpoint of one who is just as devoted and fervent a friend of our foreign aid policy as the distinguished Senator from Pennsylvania, with whom I thoroughly agree in principle in this matter, I say this is a good amendment.

Mr. CLARK. I thank the Senator from New Hampshire for his interesting comments. I regret very much that I cannot agree with him for two reasons, which happen to be matters of separate judgment. After all we have to do what is right according to our own lights.

First, I have never thought the pipeline argument made much sense. Whether we are talking about defense spending or foreign aid, the fact of the matter is that practically everything in all the pipelines we talk about—and this is true of urban renewal, too—is committed. If it is committed, there is at

least a moral obligation to meet the commitment. All this indicates is that we need more money to go into the pipeline; or else we need to say that our policy is wrong and that we are going to stop it.

If we are going to meet the commitments which we have made heretofore because it is a matter of honor, but are not going to go any further, I myself do not think that is something we are in a position to do.

With respect to the comment about one Congress binding another, again I find myself unable to agree with the Senator from New Hampshire. This belief is due, perhaps, to some extent, to my experience as the mayor of Philadelphia, where we had both an operating budget and a capital budget. Unfortunately, the U.S. Government does not have a capital budget; it has only an operating budget.

It was my problem when I was the mayor to get the planning commission to consult with the city council and the people of Philadelphia so as to provide a program which looked 6 years ahead, and then to see if we could borrow the money to fulfill the program. It was necessary to get the consent of the voters each time in order to make it possible to complete the program.

I wish there were such a system in the Federal Government. The senior Senator from Oregon [Mr. MORSE], the Senator from Illinois [Mr. DOUGLAS], a number of other Senators, and I have tried for a good while to have such a system provided. We had hoped to have a debate on the subject when the debt-limit extension bill was before the Senate the other day. But the emergency was such that we could not do it. However, I should like to see the Federal Government placed in a position, in the new world in which we live, to be able to make commitments for more than 1 year. I think it is good fiscal policy, good foreign policy, and good domestic policy.

I honor the opinions of my colleagues. They are given in accordance with the way our Government is operated. However, I think it is time for a change in the fiscal policy of the Government.

Mr. COTTON. I am certain the Senator from Pennsylvania understands that I am informed the full amount in the pipeline may be as much as \$8 billion, including both the committed and the uncommitted funds. But the point made by me was not that this money was uncommitted. My point simply was that if what is needed is assurance to our friends in the world of our dependability, if they do not believe it after 13 years of continuous generous support of this program by the Congress and the American people, and if they do not believe it when they know that from \$5 billion to \$8 billion are on their way to them now, and if they do not believe it when we pass the authorization bill this year, then there will be no way to convince them of it.

In my opinion, a provision that someone can reach directly into the Treasury, in connection with the program provided by the Congress, is not necessary in order to convince any of our friends abroad,

if they are in any sense our friends. That is my point.

Mr. SCOTT rose.

Mr. CLARK. Mr. President, I shall be glad to yield briefly for questions; but if my colleague wishes to make an observation, I prefer that he do so after I yield the floor, and when he has the floor in his own right.

Mr. SCOTT. I do wish to make an observation.

Mr. CLARK. Then I hope my colleague will wait until he obtains the floor.

Mr. CASE of South Dakota. Mr. President, I rise to a point of order.

Mr. CLARK. Mr. President, I shall be happy to yield to the Senator from South Dakota for a question, but not for anything else.

Mr. CASE of South Dakota. I desire to be recognized, to make a point of order.

Mr. CLARK. First, I should like to complete my remarks; and then I shall yield the floor.

Mr. GRUENING. Mr. President, will the Senator from Pennsylvania yield for a question?

The PRESIDING OFFICER (Mr. Moss in the chair). Does the Senator from Pennsylvania yield to the Senator from Alaska?

Mr. CLARK. I yield.

Mr. GRUENING. In his very eloquent address the distinguished Senator quoted the Democratic Party's platform as an argument in support of the bill. I notice that the Senator quoted the part of the platform which reads as follows:

We believe that, in the cause of peace, America must support the efforts of underdeveloped countries on a cooperative basis.

And, further:

We support a multilateral approach to these programs, wherever possible, so that burdens are shared and resources pooled among all the economically developed countries with the capital and skills to help in this great task.

Does the distinguished Senator from Pennsylvania know to what extent the \$4 billion we are asked to authorize is to be shared on a cooperative basis, and does he know what proportion of those expenditures will be cooperative and multilateral?

Mr. CLARK. No; I do not. But I am sure there will be a great deal of multilateral activity through the World Bank and the IFA and through the program of the Senator from Oklahoma [Mr. MONRONEY] and through a host of other multilateral projects which today are going on in the world. I cannot state the exact figure, but I know it is very substantial.

Mr. GRUENING. Would the Senator from Pennsylvania say that the other nations of the world were sharing on a 50-50 basis with the United States?

Mr. CLARK. No; I am sure they are not.

I suggest that the Senator from Alaska ask the Senator from Arkansas [Mr. FULBRIGHT], the chairman of the committee, about that point.

Mr. President, I yield the floor.

Mr. JOHNSON of Texas obtained the floor.

Mr. CASE of South Dakota. Mr. President, I desire to make a point of order.

Mr. JOHNSON of Texas. I yield for that purpose.

Mr. CASE of South Dakota. Mr. President, I desire to make a point of order regarding the language which appears on page 16, beginning in line 13, and through line 13 on page 17. That part of the bill is section 203; and I make the point of order against it. That is the language which is proposed to be stricken out by the amendment of the Senator from Illinois [Mr. DIRKSEN].

The point of order is that that provision constitutes an appropriation, and that an appropriation cannot be made in a legislative bill reported by the Foreign Relations Committee.

My reason for believing that provision is an appropriation is that the Constitution of the United States provides that—

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

The language of the bill to which I make my point of order provides for drawing money from the Treasury. If it results in the drawing of money from the Treasury, then, according to the definition contained in the Constitution, that provision of the bill must be an appropriation.

I invite the attention of the Chair to the constitutional provision that—

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

So the question as to the validity of the point of order is whether the language which I seek to have stricken out draws money from the Treasury.

I invite the attention of the Chair to the language of the provision itself:

(b) For purposes of the loans provided for in this section, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act as now in force or as hereafter amended, and the purposes for which securities may be issued under the Second Liberty Bond Act are hereby extended to include this purpose. The President shall determine the terms and conditions of any advances or loans made to the Fund pursuant to this section.

Obviously that draws money from the Treasury; it draws from the Treasury money which the Treasury may have received as a result of the sale of securities issued under the Second Liberty Bond Act.

In the following paragraph the bill provides:

The amount of such obligations also may not exceed the limitations specified in section 203(a) of this Act except that, to the extent that assets of the Fund other than capitalization provided pursuant to section 203(a) are available, obligations may be incurred beyond such limitations.

Without knowing just what those other assets are, one would assume that those other assets also are funds resting in the Treasury, and that if they are to be made available, they will be drawn from the Treasury.

So the point of order is that this provision of the bill must constitute an ap-

propriation, since it proposes that money be drawn from the Treasury. If it is an appropriation, it may not be reported by the Foreign Relations Committee, because it would constitute an appropriation, and appropriations may be reported only from the Appropriations Committee.

The PRESIDING OFFICER (Mr. Moss in the chair). Is the Senator's point of order that this provision is in violation of the Constitution?

Mr. CASE of South Dakota. No; I merely used the Constitution to define what constitutes an appropriation.

Under the Senate rule, appropriations must be reported from the Appropriations Committee, and may not be contained in a legislative bill.

I used the Constitution merely to define an appropriation.

The Constitution provides:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

If this provision is an appropriation, it provides for the drawing of money from the Treasury, and therefore the provision is in violation of that Senate rule.

Furthermore, I invite the attention of the Chair to the fact that this question came up before, when the Development Loan Fund was first authorized. At that time the Congress decided to make an authorization, and later to make an appropriation.

The amendment submitted by the distinguished Senator from Illinois [Mr. DIRKSEN] does not propose that the money be taken out of the Treasury by simply providing that the Secretary may take it out; but the amendment of the Senator from Illinois maintains recognition of the fact that this provision of the bill is an appropriation, and it merely authorizes an appropriation. In that event, the appropriation would fall under the annual review of the Appropriations Committee, of course.

The PRESIDING OFFICER. The Chair has not had an opportunity to study the point of order. After discussion with the Parliamentarian, the Chair believes it may be necessary to examine the precedents in connection with this matter.

The Chair wonders whether the chairman of the Foreign Relations Committee has any comment to make in connection with this matter.

Mr. FULBRIGHT. Mr. President, I think the precedents are so clear that the Chair would not need to study the matter. There have been many precedents. The form of this provision is precisely the same as the language used 2 years ago when the Senate voted to approve this very operation of borrowing through the public debt transactions.

The distinguished Senator from Virginia is an authority on this subject; and some time ago he was advised that the precedents are very clear against the point of order now made by the Senator from South Dakota. I did not know there was the slightest doubt about that, or I would have had a memorandum on it prepared.

The instances in which the Congress has authorized precisely the same operations were stated a few minutes ago, at great length, by the Senator from Vermont.

There are many precedents which authorize this procedure; and I have no doubt that the Parliamentarian will advise the Chair that the point of order is not well taken.

Mr. ROBERTSON. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ROBERTSON. I raised this point in connection with a housing bill, 2 years ago. I was convinced that the Senate did not have authority, under the Senate rule which requires authorization and appropriation, to bypass the Appropriations Committee and go directly to the Treasury, by calling the transaction a debt transaction, because a number of those items would never be paid off, although some of them were revolving funds which would be paid off.

But after I indicated that I intended to make the point of order, I was confidentially informed by the Parliamentarian that the Chair would rule against my point of order.

There has never been a decision that such a provision was in violation of the Senate rule. But the information which came to me from the Parliamentarian was that in some previous year there had been a ruling in the House of Representatives against a position similar to the one I had taken, and that the Parliamentarian would be inclined to follow that.

Then I checked among my colleagues; but I could not find among them support which would justify bringing the matter to a showdown on the floor of the Senate.

So I did not make the point of order, because I understood that if I did make it, the Chair would rule against the point of order, and then I would be obliged to appeal from the ruling of the Chair.

At that time certain items in the housing bill were so very popular that whether it was within the rules of the Senate or not made no great difference.

The situation has become so extreme now, with all the demands on the Treasury for gold from abroad, with \$13 billion of deficit spending, when long-range Government bonds cannot be sold, as to raise the question whether we should continue this practice. That is my first point.

The second point is whether the Senate would like to have a definite solution of this point of order. We can have it. I could not say how the Parliamentarian would rule. All I received was the information that 2 years ago he was going to rule against the point of order. So I did not make the point of order, because I could not follow through successfully. Tonight it may be different.

Mr. CASE of South Dakota. Mr. President, if the Chair will hear me a moment further, it is true, as the distinguished chairman of the Foreign Relations Committee has said, that the same financing device was approved by the Senate by passage of the bill 2 years ago; but the point of order was not made.

I invite attention to the report of the Foreign Relations Committee itself this time, on the pending bill, which reads in part, on page 15:

It will be recalled that this is the same financing device which was proposed by the administration and approved by the Senate when the Fund was first established in 1957. As finally enacted that year, however, the law creating the Fund authorized appropriations totaling \$1,125 million for 2 fiscal years.

In other words, Congress, on reflection of what the Senate had done in approving this matter as a public debt transaction, made a change before it finally enacted the authorization for the appropriation. It did not pursue this method.

It is true that the distinguished junior Senator from Virginia raised the question on the housing bill. I think I took part somewhat in the discussion at that time. It was deemed the better part of parliamentary discretion at that time, because of the popularity of the housing bill, perhaps, to avoid pressing for a decision. But here we are proposing to do something Congress has never done before, to say that for 5 years the Secretary can dip into the Treasury and draw out money to the extent of \$1 billion a year. If it can be done for 5 years, if we are to say this will take place for 5 years, what is to prevent, the next time a bill comes before Congress, our saying it can be done for 10 years or 15 years or 20 years or 25 years? If money can be drawn from the Treasury by this kind of device, are we not appropriating money? Are we not drawing money from the Treasury? And the Constitution says no money shall be drawn from the Treasury but in consequence of appropriations made by law. If this is drawing money from the Treasury, it must, it seems to me, be regarded as an appropriation, and it would then fall under the rules of the Senate relating to appropriations.

Mr. FULBRIGHT. Mr. President, I do not think I need say any more about the question. The Export-Import Bank is a good example. It has been operating under the arrangement provided for in the bill for I do not know how many years. It is limited only by the loans it can reasonably approve, which now total some \$9 billion. This is done time and again.

I do not know why the Senator would suddenly choose this particular occasion to raise the point of order. I am perfectly willing to let the Parliamentarian rule on the point. If this procedure had not been followed by Congress, many of the most important programs, as mentioned by the Senator from Vermont a few moments ago, could never have been carried out. I agree with the Parliamentarian and the position of the Senator from Virginia that he was convinced by the Parliamentarian there was no validity to this point of order.

The PRESIDING OFFICER. In view of the precedents of other legislation which has passed this body, including revolving funds created thereunder, even though the point of order was not squarely raised before, the Chair feels disposed to follow the precedents, and overrules the point of order.

The question is on agreeing to the amendment of the Senator from Illinois [Mr. DIRKSEN] to the committee amendment.

Mr. CASE of South Dakota. Mr. President, temporarily I appeal from the decision of the Chair, but I shall withdraw the appeal in a moment, after I make a statement. It is true that what is proposed has been done before, and has been done on other bills. Never, so far as I know, has it been done to the extent and in the direction here proposed, for authority to take as much as \$1 billion a year out of the Treasury for 5 years.

I think this is an issue the Congress should face. In view of the fact that the point has just been raised, I am not sure we are prepared with the material I should like to present to the Senate, if the issue is to be voted upon in the nature of an appeal; nor do I think that the time this evening lends itself to the presentation of this issue. However, I want to say this is an issue which ought to be squarely faced by the Congress. Are we going to surrender the prerogatives that have been prescribed for the Appropriations Committee? Are we going to sacrifice the review procedures provided by annual appropriations and accept the kind of device which, by going around the Appropriations Committee, permits an expenditure to become a public debt transaction and permits the drawing of money out of the Treasury?

If it can be done for a \$5 billion program, it can be done for more than that. If it can be done for 5 years, it can be done for 25 years.

In terms of amount and in terms of years, this is the most flagrant abuse of the idea that has come to my attention. If there were enough support and if enough Senators had listened to the debate on the point, I would not object to going to a vote on the appeal.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. AIKEN. If it appears that the borrowing authority of the Commodity Credit Corporation would be restricted, would the Senator go along with requiring the Commodity Credit Corporation to get an appropriation?

Mr. CASE of South Dakota. The Senator from South Dakota certainly would, in connection with the Commodity Credit Corporation, as well as the Housing Administration. The Senator from South Dakota has always thought they ought to be made subject to appropriations, and not have this kind of backdoor appropriation.

Mr. AIKEN. If it is required in this instance, then I think we should at least from now on require that the borrowing authority should be transferred to appropriations. That goes for small business, big business, the Maritime Commission, stockpiling. To be consistent, the Senator would have to insist on that.

Mr. CASE of South Dakota. The Senator from South Dakota believes that is exactly the way it should be done. The Senator from South Dakota raised

this issue in the House years ago. He is consistent in his position.

Mr. WILLIAMS of Delaware. Mr. President, if the Senator will yield, the Commodity Credit Corporation does get an appropriation. It has borrowing authority only, and it gets direct appropriations from the Treasury. Ultimately, we pay that which was borrowed.

Mr. AIKEN. To make up the losses; but it gets the money out of the Treasury.

Mr. WILLIAMS of Delaware. That is correct. To make up its losses it must get money from appropriations. It must be repaid. In this instance, there is no way to repay the money.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is, Shall the ruling of the Chair stand as the judgment of the Senate?

Mr. CASE of South Dakota. Mr. President, I said that I would withdraw the appeal. On further reflection, I think I shall not withdraw it. I ask for the yeas and nays on my appeal.

The yeas and nays were ordered.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. RUSSELL. I think the Senator from South Dakota is completely correct on the point of order he has made.

Mr. LAUSCHE. Mr. President, will the Senator speak louder?

Mr. CASE of South Dakota. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Georgia may proceed.

Mr. RUSSELL. I shall vote to overrule the ruling of the Chair, with all deference to the Chair, because, in my opinion, the policy which is embraced in this amendment can lead to a serious impairment of the power of the purse and control of the purse that has resided in parliamentary bodies since the dawn of at least English parliamentary history.

If we delegate for 5 years the power to take a billion dollars from the Treasury without coming to the Congress, we will surrender some, at least, of the power of the purse, because a simple majority of the Congress could not alter what was done unless the President approved. It would require a two-thirds vote to override a veto a recapture the power of the purse.

This is an entirely different thing from an authorization. If the language of the bill as reported provided for an authorization for an appropriation of a billion dollars each year, of course it would be entirely consonant with the rules of the Senate and with the maintenance of the power of Congress over expenditures on an annual basis. This is going a long way from the original concept of Congress on matters which have to do with fiscal policies of the Government.

The Founding Fathers did everything they could to provide that each Congress would have a right by a simple majority to determine fiscal policies. The Founding Fathers even wrote into

the Constitution a provision that no appropriation for the maintenance of the Army should be for a longer period than 2 years. If the Congress wants to authorize a billion dollars a year for loans it ought to authorize it and not appropriate for 5 years a billion dollars a year. It would take a two-thirds vote of the Congress, of each House, ever to recapture the power, it would matter not how strongly we felt it necessary, because the President could veto any bill which might interfere with this arrangement.

Mr. CASE of South Dakota. Before the distinguished Senator takes his seat, I wonder if I might ask his opinion with respect to an interpretation of a phrase in the Constitution which I have been using in connection with my point of view as to the defining of what is an appropriation. The Constitution, in article I, section 9, says, "No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

Is it not the opinion of the distinguished Senator from Georgia that since the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act, and so forth, as set forth in the bill, he would be drawing money from the Treasury?

Mr. RUSSELL. This is not the first time we have done violence to my concept of the Constitution. This has happened in respect to a great many other bills, more particularly with respect to some of the housing bills. In my opinion, the Constitution provided that Congress should take two looks at these large expenditures of funds; one at the time of the authorization, and one when the appropriation was made according to law to meet the authorization. Under what is now proposed the Congress would not get the two looks at the matter.

Mr. CASE of South Dakota. Mr. President, for the purpose of getting the point clearly before those who have come into the Chamber since this discussion started, my point of order is not that the bill may be unconstitutional. I am not arguing that the bill may be unconstitutional. I am saying that by the provisions of the Constitution the language in the bill constitutes an appropriation, for the Constitution says, "No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

The language of the bill provides for drawing money from the Treasury, to the amount of a billion dollars a year for 5 years. The language even provides that if the money is not used in 1 year any unused portion can be used in the next year. The language is "any unused portion of the maximum applicable to any period shall be added to the maximum applicable to the succeeding period." This represent a drawing of \$5 billion out of the Treasury in 5 years.

Mr. RUSSELL. It is a reappropriation which is something always considered to be in the power of the Appropriations Committee. It is a reappropriation of funds not expended each year.

Mr. CASE of South Dakota. If the language draws money from the Treas-

ury, that constitutes an appropriation under the definition in the Constitution.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. If it is an appropriation it must come, under the rules of the Senate pertaining to appropriations, only from the Appropriations Committee. It can be reported only from the Appropriations Committee.

I yield to the Senator from Illinois.

Mr. DIRKSEN. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Will the Presiding Officer refresh the memories of Senators as to the basis for the ruling?

The PRESIDING OFFICER. The ruling of the Chair on the point of order?

Mr. DIRKSEN. Yes. If I correctly heard the Presiding Officer, the point of order was overruled on the ground that there was precedent for the language which is carried in the bill. I am not sure I correctly understand whether by "precedent" the Chair meant this was a practice which had not been successfully challenged heretofore, or whether it represented a careful analysis of the rule and of the language involved.

The PRESIDING OFFICER. The basis for the ruling of the Chair was that this practice has been followed on many previous occasions and has been acquiesced in by the Senate. On that basis the Chair found that at no time had the question been squarely presented, as it is now. Based on that history, on the basis of the action of the Senate the Chair overruled the point of order. There is now before the Senate an appeal from the ruling of the Chair.

Mr. CASE of South Dakota. Mr. President, of course I doubt that anybody would maintain that simply because some law or rule was not enforced it was repealed because it had not been used. If the issue has never been squarely presented to the Senate before for a definite ruling, perhaps it is because the issue was never so large or never seemed to be so flagrant an abuse of the rule as is the case now before us.

Again I state for the benefit of those Senators who have come into the Chamber during the debate, although the Senate did sanction this practice, so to speak, by passing the bill 2 years ago, the bill was changed before it became law. The authority for that statement is the report of the committee itself, where it says, at page 15, "this is the same financing device which was proposed by the administration and approved by the Senate when the Fund was first established in 1957. As finally enacted that year, however, the law creating the Fund authorized appropriations." So the language was changed before it became law.

Mr. KEATING. Mr. President, will the distinguished Senator yield?

Mr. CASE of South Dakota. I yield to the Senator from New York.

Mr. KEATING. Mr. President, with the utmost deference to the ruling of the Chair, I respectfully suggest that the mere fact that this question has not been

raised before and that this method of financing has been contained in previous legislation could scarcely be construed to be a precedent dealing with the precise situation before us today. I have not completely made up my mind on the merits whether to support the committee amendment or the amendment offered by the distinguished Senator from Illinois. However I stress the fact that this point of order raises a fundamental issue. I agree entirely with the reasoning of the Senator from South Dakota that the language objected to constitutes a taking of funds out of the U.S. Treasury and is a matter therefore which under Senate rules should be handled by and should come to us from the Appropriations Committee. I, therefore, shall support the appeal from the ruling of the Chair, although I have great respect for the present occupant of the Chair and for his ruling. This back door approach to the Treasury raises problems very much deeper than anything relating to this specific bill.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield to the Senator from North Carolina.

Mr. ERVIN. I should like to ask the Senator from South Dakota if the ruling of the Chair, in effect, is: Since there is no precedent on this subject, the absence of a precedent shall constitute a precedent adverse to the position of the Senator from South Dakota.

Mr. CASE of South Dakota. Apparently, whatever is the indicated ruling, it is adverse to the position of the Senator from South Dakota. [Laughter.]

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield to the Senator from Colorado.

Mr. CARROLL. Will the distinguished Senator from South Dakota give his opinion on this matter: If we overrule the ruling of the Chair, what would be the effect upon the Dirksen amendment, which is now pending?

Mr. CASE of South Dakota. If the point of order were sustained and made to apply to the entire paragraph, the paragraph would come out of the bill. Actually, the point of order is primarily directed to the language beginning at line 23 dealing with the withdrawal of the money. If the point of order is sustained as made, all the language would come out and there would not be anything for the Dirksen amendment to amend. The remedy to the situation, of course, would be to reinstate the first part of the language, and then simply make it an authorization for an appropriation.

Mr. CARROLL. Mr. President, will the Senator yield further?

Mr. CASE of South Dakota. I yield.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CARROLL. I understood the Senator yielded to me.

Mr. CASE of South Dakota. Yes, I yield to the Senator from Colorado.

Mr. CARROLL. My reason for asking the question is that it seems to me that if the point of order applies, as the distinguished Senator from South Dakota

says, to the so-called Fulbright concept in the bill itself, it must necessarily apply to the Dirksen amendment. If the point of order applies to the Dirksen amendment, it would destroy the President's own program, because, by the words of the minority leader, this is the President's program.

Mr. CASE of South Dakota. Perhaps I should advise the Senator from Colorado that the language of the Dirksen amendment uses the words "authorization for an appropriation" and does not propose to draw money from the Treasury.

Mr. LAUSCHE. Mr. President, will the Senator from South Dakota yield to me so that I may supplement what he has said?

Mr. CARROLL. May I continue? Is it not true that the Dirksen amendment provides authorizations for successive years, with appropriations of \$700 million for 1 year, \$500 million for another year, and \$300 million for another year?

Mr. CASE of South Dakota. It merely provides for authorizing an appropriation.

Mr. CARROLL. May I ask another question? The Senator from Colorado has not been present in the Chamber the entire time, nor has he been a Member of this body long. What would be the effect over a long period of time, if we legislated in this fashion? What would be the effect upon housing legislation? What would be the effect upon numerous other types of legislation if the Senate adopts the position advocated by the Senator from South Dakota, in view of the funds already provided and obligated? What would be the effect if the Senate should now sustain the point of order made by the distinguished Senator from South Dakota?

Mr. CASE of South Dakota. Of course, if action were taken now, it would not repeal legislation which is on the statute books authorizing certain things to be done. It would, however, create a precedent, so that hereafter, instead of taking money out of the Treasury without an appropriation bill, the form would be followed which we follow in connection with most domestic legislation, in which we authorize appropriations to be made.

Mr. CARROLL. I suggest to the Senator that if his concept of the Constitution is accurate, there will be a shut-off immediately.

Mr. CASE of South Dakota. No.

Mr. CARROLL. I think we should be very careful how we handle the situation.

Mr. CASE of South Dakota. The Senator from South Dakota has not said that the point of order rests upon constitutional grounds. He is not saying that the bill is unconstitutional, or that past legislation which used this device is unconstitutional. He has merely cited the Constitution to define what an appropriation is; and if this constitutes an appropriation, then it comes under the rules of the Senate relating to the reporting of appropriations.

Let me read the constitutional provision again, because I think there is an important distinction. The issue has

never been presented quite so clearly. I am using the Constitution merely to define an appropriation—

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

The question is, Does the language in the bill propose to draw money from the Treasury? If it draws money from the Treasury, it must be an appropriation. If it is an appropriation, then it comes under the rules of the Senate pertaining to the reporting of appropriations.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. LAUSCHE. I wished to touch upon the question raised by the Senator from Colorado, with reference to the application of the rule urged by the Senator from South Dakota, with respect to the Dirksen amendment.

Let us remember that the Dirksen amendment does not direct the Treasury to pay out the amounts identified by the Senator from Colorado. The Dirksen amendment specifically provides that each year an appropriation shall be made.

Mr. CASE of South Dakota. "May be made." It authorizes an appropriation to be made.

Mr. LAUSCHE. It may be made.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. FULBRIGHT. As I understand, the Senator is not basing his point of order on the ground of unconstitutionality, but on the rules of the Senate. Is that correct?

Mr. CASE of South Dakota. That is correct.

Mr. FULBRIGHT. I invite the Senator's attention to the text beginning on page 70 of the volume on Senate procedure, in which the following language is found:

DEFINITION OF GENERAL APPROPRIATION BILLS

"There is a distinction between what is commonly called a general appropriation bill and a bill providing for a special appropriation." The "rule itself was intended to include only the general appropriation bills, which are well defined, carrying general appropriations for the various departments."

In specific cases, the following have been held to be general appropriation bills within the meaning of rule XVI: Urgent deficiency appropriation bills, deficiency appropriation bills, river and harbor appropriation bills, all chapters of an omnibus or consolidated general appropriation as the one of 1950.

In the 84th Congress, the bills considered to be general appropriation bills follow: Urgent deficiency, 1955; Treasury and Post Office, 1956; second supplemental, 1955; Labor and Health and Welfare, 1956; Interior, related agencies, 1956; Agriculture, 1956; independent offices, 1956; State, Justice, and Judiciary, 1956; Defense Department, 1956; District of Columbia, 1956; Commerce and related agencies, 1956; general Government matters, 1956; public works, 1956; legislative, 1956; mutual security, 1956; supplemental, 1956.

DEFINITION OF SPECIAL APPROPRIATION BILLS

All bills appropriating money which are not general in nature are considered as special appropriation bills and therefore not subject to the restrictions found in rule

XVI. Examples of bills held by the Senate to be special appropriation bills follow:

Relief appropriation bill of 1939 and 1940, work relief bill for 1943 (in the House), a joint resolution making appropriations for relief purposes; a joint resolution making appropriations for emergency relief purposes; a joint resolution providing additional appropriations for the Civilian Conservation Corps; a bill making appropriations to enable the Secretary of Agriculture to carry out the purposes of "An act to provide further for the national security and defense by stimulating agriculture and facilitating the distribution of agricultural products;" a bill making an appropriation for farm relief in drought and storm-stricken areas; and a bill making an appropriation to enable the United States to make payments upon subscriptions to the capital stock of the Reconstruction Finance Corporation.

Is it not a fact that under the rule this is a special appropriation bill, and is not covered by the rule which the Senator cites as his reason for challenging this particular provision?

Mr. CASE of South Dakota. Responding to the Senator from Arkansas, I have two observations—first, if a proposal to appropriate \$1 billion a year for 5 years is not an appropriation which comes under the rules which would place it under the jurisdiction of the Committee on Appropriations, we ought to redefine "appropriations."

Second—

Mr. FULBRIGHT. I did not say that this was an appropriation bill. The Senator said it was. I deny that it is an appropriation bill.

Mr. CASE of South Dakota. Does the Senator from Arkansas think this is an appropriation bill?

Mr. FULBRIGHT. This is an authorization to borrow money, which would be repaid to the Treasury. Most of the precedents already cited are in connection with programs to borrow money, to be repaid to the Treasury; but such a provision is not considered an appropriation, within the constitutional meaning.

Mr. CASE of South Dakota. Does the Senator understand that this is not a provision to draw money from the Treasury?

Mr. FULBRIGHT. Not in the sense in which that term is used in the Constitution. The money is borrowed. That is the language of the bill. That is the reason why, in the past, practically all such programs have involved authority to borrow money from the Treasury, which, it is contemplated, will be repaid to the Treasury.

This is an extremely far-reaching proposal. I had no notice that the Senator intended to raise any such point of order. It would seem to me to be dangerous and improvident to decide at this point a question which would affect the housing program, the seaway, to which reference has already been made, the Export-Import Bank, the International Bank, and other programs which are of the utmost importance to this Government. Such programs would be affected by the ruling. If the Senate is to decide a question of this importance, it should be submitted to the Committee on Rules and Administration for serious study. I would call it an extremely improvident act to decide an issue as important as

this without any preparation, without any hearings, without even the benefit of the exhaustive study the Senator from Virginia prepared in a previous case, which I remember discussing with him. He had done a great amount of research, and we had the benefit of it.

I submit that on the narrow ground proposed by the Senator from South Dakota, relying on the rules of the Senate itself, the point of order does not apply.

Mr. CASE of South Dakota. Will the Senator from Arkansas advise the Senate why it was that 2 years ago, when the bill was finally enacted—I assume as the result of a conference—instead of following this plan, the bill was changed so as to authorize appropriations?

Mr. FULBRIGHT. I shall be very glad to tell the Senator; and I think that is at the root of the necessity for the procedure followed in the present bill.

For a long time the Senate Committee on Appropriations has had under consideration a move to outlaw or forbid any kind of procedure other than appropriations. The Senate had gone along, but in conference the House insisted upon a different procedure. As often happens, Senators having many pressing duties, and being members of various committees, gave way in this instance, for those and various other reasons.

Later the House, by its action, refused to allow anything. It was understood in the conference that if we would not insist upon our position the House conferees would be very lenient and considerate in recommending the appropriation of the necessary amounts, following the authorization of more than \$1 billion.

As events proved, the House refused to appropriate anything this year in connection with the supplemental bill or rather, it did not appropriate the full amount authorized.

This only emphasizes the necessity for the procedure which the committee recommended. The House Committee on Appropriations does not confine itself to recommending appropriations. It has assumed the authority to make policy. When the House refuses to appropriate for a program such as this, for all practical purposes it denies the policy.

When it is asserted that this procedure takes away the control of Congress over these programs, that is a mistake. It does not take away the control of the Congress at all. The Committee on Foreign Relations is as much a part of the Congress as is the Committee on Appropriations. It is only human nature that members of the Appropriations Committee, like all other human beings, like to get all the power they can. This is especially true of the House committee. The record shows that the Senate committee has been extremely cooperative in carrying out the policy determined by the Congress as a whole; but in several instances the House has not been—specifically, in the case I have just mentioned, at the beginning of this year. The administration requested \$250 million, and the House Appropriations Committee allowed nothing.

After a very long struggle on the part of the Senate, and insistence on the part of the Senate, together with the exertion of great efforts by the administration, the final result was an appropriation of \$150 million.

The issue is within the Congress. Congress is not denied control. Congress will continue to have control over the programs through its legislative committees.

If the ruling of the Chair is overruled, complete authority over these programs will have been delegated to the Committee on Appropriations.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I shall be glad to yield in a moment. First, let me respond to the observations of the Senator from Arkansas.

First, I assure the Senator from Arkansas that had I known this provision was in the bill and had I known this question would arise, I would have conferred with him.

Mr. FULBRIGHT. It has been no secret. It has been well advertised.

Mr. CASE of South Dakota. There has been no secret about it. However, the Senator from South Dakota—and that is true of every other Senator—is busy with other duties, and does not always read bills before they reach the floor of the Senate. I had assumed, with respect to the Loan Fund, that inasmuch as 2 years ago the committee apparently acquiesced in the idea that there should be an authorization for an appropriation, the increase for the Development Loan Fund would also follow the same device as was used 2 years ago.

It was only as I went to the news ticker, after I came from a committee meeting this afternoon, that I read about the Dirksen amendment, and then compared it with the language which was proposed to be stricken, that it dawned on me that what was proposed was a change in the handling of the Development Fund.

Second, if 2 years ago it seemed to be the better part of discretion to make it an authorization for appropriation, when only \$1,250 million was involved for 2 fiscal years, it might be the better part of discretion, in dealing with the House this time, to have an authorization for appropriation, unless it is planned to make an authorization for \$5 billion covering 5 years.

I now yield to the Senator from Georgia.

Mr. RUSSELL. Mr. President, in a sense, I regret that this issue has arisen in this way, in this fashion, and at this time. But there cannot be any question, since the issue is here, that this provision of the bill collides squarely with rule XVI of the Senate, which provides that appropriations shall be considered by the Committee on Appropriations.

There cannot be any question that if the Senate adopts this provision and bypasses rule XVI, we are not only surrendering power now, but are binding the next two Congresses and handicapping them with amendments in dealing with this program.

If the Members of future Congresses, not yet elected, thought it wise to reduce the amount, a two-thirds vote would be required to undo something which we are asked to provide by a majority vote.

With respect to the argument as to the special appropriation, I invite attention to the last paragraph of the report of the committee, page 1, which reads as follows:

In all, the bill authorizes appropriations for the coming fiscal year of \$3,164,820,000. This is in addition to authority provided the Development Loan Fund to borrow up to \$1 billion a year from the Treasury for each of the next 5 years for its lending operations.

In other words, under this peculiar arrangement, it will be necessary to give a general appropriation bill to deal with every item of the bill, which the committee report says is \$3,164 million, except the \$1 billion which goes into the Loan Fund. That is appropriated out of hand in this bill in violation of the terms of rule XVI. It is not only violated out of hand under this provision for 1959; it is violated also for 1960, 1961, 1962, 1963, and 1964, because there is a general violation of the authority of rule XVI relating to the Committee on Appropriations.

The greater part of the money to be appropriated is handled under the rules of the Senate. But the billion-dollar Loan Fund receives special handling in violation of rule XVI, not only for this year, but also for the 4 ensuing years.

It would be a very simple matter to rewrite the provision and authorize an appropriation of \$1 billion a year for each of 5 years. If that were done, it would be consistent with the rules of the Senate and with the policies which pertain to practically all the other spending operations of the Government.

It is quite true that there have been some provisions in housing bills which have been handled in this way. In my opinion, they are violative of rule XVI. I think there ought to be an authorization to provide a special appropriation. This is simply a general authorization with an attempt made to exclude \$1 billion of it from having to follow the course of other appropriations by going before the Committee on Appropriations.

Mr. CAPEHART. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield to the Senator from Indiana.

Mr. AIKEN. Mr. President, may we have the regular order? I do not think one Senator ought to hold the floor indefinitely and yield to others to make speeches.

Mr. CASE of South Dakota. I yield the floor.

Mr. CAPEHART. I want to talk about the practical aspects of the matter, not whether the Federal Government should or should not lend money. The practice of authorizing the Treasury to lend money has developed as a result of Congress authorizing or passing laws to enable the Federal Government to lend money to many different kinds of projects.

For example, there are two kinds of expenditures at the moment in the Federal Government. One is expenditures for

business purposes, expenditures which we would call expenses. In other words, the money is spent 100 percent as expenses. The Government never expects to get it back.

In the case of a bank, a bank lends money and expects to get the money back. It lends the money out of its treasury, and the loans are repaid to the treasury. It seems to me that we ought to set aside this request for a ruling tonight and that the Senate ought to give a little thought, possibly, to going before the Committee on Rules and Administration to establish a policy or adopt a rule whereby all moneys which it is intended to lend, and as to which it is expected it will be returned to the Treasury, could be handled on an authorization basis, such as the bill provides.

When we authorize the Treasury to lend money for a specific purpose, such as the Export-Import Bank, the Commodity Credit Corporation, the International Bank, and a half a dozen housing projects, we do not know whether the money will be lent in 1 year or over a longer period of time.

Therefore, if we appropriate \$1 billion, and there is a request for only \$500 million to be loaned, then there is \$500 million in an appropriation bill which will not be used.

It seems to me that we ought to set this matter aside. The Senator from South Dakota could submit a resolution to be referred to the Committee on Rules and Administration, to enable a study to be made of the advisability of setting up a system to handle loans which we know will be loans, as compared with what might be termed expense matters.

I think we would be much better off to authorize the Treasury to lend money in instances when the money will be repaid to the Treasury, than we would be to go the appropriation route. I think we ought to have all the safeguards that we can possibly get with reference to authorizations for the Treasury to lend money for specific purposes.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. I think the Senator from Indiana has made a very fine point, namely, that instead of considering this proposal as a single-shot method, there ought to be a determination, once and for all, across the board. The Senator has suggested that a resolution be offered in order to arrive at that determination. I am certain the Senator is aware of the fact that in the House a resolution has been offered. I believe it is still pending in the Committee on Rules. If adopted, it would touch on these various programs. A movement such as is being considered here would affect only one individual program.

What is difficult for me to understand is how only a few weeks ago the administration itself asked for this very kind of program in connection with the International Monetary Fund. That program was advocated, I am sure, by the majority leader. I imagine the Senator from South Dakota and probably all other Senators on the other side of

the aisle, as well as on this side of the aisle, favored it. Why we should now, in one particular program seek to strike it, I fail to understand.

Mr. CAPEHART. As a practical business matter, there would be better control over the funds and over the money if the Treasury were authorized to lend money to the corporations or the institutions to which the loans are to be made, than by the appropriation route, in my opinion.

If we appropriate the money, the attitude will be taken that it is appropriated and will be gone. But since we are going to lend money which will be repaid and are going to have collateral—a note or some other sort of instrument—it seems to me, purely from a business standpoint and a practical standpoint that it would be better to go that route than the appropriation route.

If it is the will and the judgment of the Senate, after studying the program, and after referring it to the Committee on Rules and Administration, that we ought to do this, then we ought to treat all similar projects alike. We ought to treat the Commodity Credit Corporation, the Housing Authority, the International Bank, the Export-Import Bank, and others, alike. We ought to say, "From now on we will appropriate money rather than to go the route we have been going."

I myself would favor a rule which provided that when the money has been expended and the Government never expects it to be returned, such funds be considered by the appropriation route.

When the money is to be lent, and we expect it to be returned when the loans are repaid to the Treasury, I think it would be wiser to go the other route.

For example, let us consider the amount of money which the Commodity Credit Corporation will lend this year. Let us consider the amount the Export-Import Bank will lend. Let us consider what the International Bank and the Housing Authorities will spend. When we consider all these projects, the amount runs into a large sum. It runs up the appropriation bill. No particular amount of money is saved for the Government, but a great deal of money is appropriated, without knowing how much of it will be loaned.

I prefer to make certain that we authorize the Treasury to loan the money, and put the Treasury in a position to be certain that the money will be paid back, and have the money paid back to the Treasury; and in the case of the 100 percent expenditure items—items which we do not expect will result in the repayment of any of the money—handle them by means of appropriations.

Therefore, I believe we should study this problem. I am generally in favor of tightening up on the procedure. But I do not think that should be done in connection with the pending bill.

Mr. CASE of South Dakota. But first an appropriation to the loan fund should be authorized.

Mr. CAPEHART. But the \$1 billion will stand as an appropriation. It may well be that the loans will amount to

\$200 million; but \$800 million more will then have been appropriated.

Mr. CASE of South Dakota. No; we could merely have authorized the appropriation of \$1 billion, and then what was actually needed would be appropriated.

Mr. CAPEHART. But what is the difference between appropriating the money and saying, "Pick up the money whenever you need it," and saying to the Treasury, "Advance the money when it is needed"?

Mr. CASE of South Dakota. Because then the Appropriations Committee will have an opportunity to make its annual review.

Mr. CAPEHART. I have great respect for the Appropriations Committee, but I do not believe it is wiser than any of the other committees.

If, under the House of Representatives rules, control of all the money were to be placed in the hands of the chairman of the Appropriations Committee, a great deal of trouble might develop.

Mr. ALLOTT. Mr. President, in my opinion there are very many basic and philosophical reasons why it is wise to pursue the course of tightening up and of returning the appropriations to the hands of the Appropriations Committee.

The legalities of this matter have been discussed at some length.

In my opinion, this matter comes under rule XVI of the Senate rules. In fact, I should like to use the citation the Senator from Arkansas himself used; I refer to the volume entitled "Senate Procedure." The Senator from Arkansas referred to page 70 of that volume. Thereafter, on page 71, we find the following:

In the 84th Congress, the bills considered to be general appropriation bills follow:—

And in the following list, the next to the last item is:

Mutual security, 1956.

So there is no question that under the Senate rules this is an appropriation matter, and falls within rule XVI.

I should like to address myself to one or two points. I see on the floor the Senator from Louisiana, and I am sure he will recall what I am about to say.

It is said that this provision will simply constitute borrowing, and that all of the money is to be repaid.

The Senate has the intention of getting away from the old idea of making grants and gifts to the various nations; and, instead, the Senate wishes to loan them money by means of the Development Loan Fund.

This year in the Appropriations Committee the officers of the Development Loan Fund testified. If I recall correctly—and I believe I do, although I do not have the hearings before me at the moment—they testified that one-third of these funds will be loaned in soft currencies or will be repayable in soft currencies. That means that there would be a long, long time before the money which they would loan from the Treasury would be repaid.

Knowing that, and knowing that a considerable portion of this money

would, in the long run, be an actual appropriation—and I think the Senator from Indiana is mistaken in his concept of the nature and the kind of these loans—at that time I questioned the officers as to the nature of the security. They take the notes or bonds of these people; but very rarely do they take mortgages. So we depend on the credit of these countries, and do not usually hold mortgages for the amounts loaned.

I think the Senate should look into this area, with the idea of tightening up on the law.

So I conclude my comments by stating that the authorities cited by the Senator from Arkansas say that this is a general appropriation.

Furthermore, Mr. President, I point out that when we engage in this procedure, we know that a considerable portion of the money, at least, is an actual appropriation.

Mr. ROBERTSON. Mr. President, will the Senator from Colorado yield?

Mr. ALLOTT. I yield.

Mr. ROBERTSON. Is it not a fact that the purpose of this trust fund is to make loans to underprivileged nations that do not have sufficient bankable security to obtain loans either from the International Bank or from the Export-Import Bank?

Mr. ALLOTT. That is correct.

Mr. ROBERTSON. Consequently, it is not realistic for us to fail to face up to the fact that much of this money will never be repaid. The recipient countries will not be able to repay it.

Mr. ALLOTT. By the terms of the loans themselves, some will be repayable in the soft currencies of the countries to which the loans are made.

Mr. ROBERTSON. Absolutely.

Mr. HOLLAND. Mr. President, I have supported the Development Loan Fund, both when it was created and when it had to be supplemented by additional appropriations, approximately 2 or 3 months ago. I did so because I believe in loans as a better method of extending the help of our strong financial arm, rather than to proceed by way of grants or gifts. It is as a friend of this particular type of activity, as contrasted with grants and gifts, that I make these remarks.

First, I should like to call attention to the fact that the question is not—as stated by the Senator from Indiana—whether the funds will be expended and gone from the Treasury or whether they will be invested and later may be returned.

The Constitution provides:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

There is no question that money will be drawn from the Treasury, under this measure. Money may be lawfully drawn from the Treasury, under this measure, if it be passed and enacted into law, up to the amount of \$1 billion a year, for 5 years, and up to the amount of the accumulated balances during the 5 years, and up to the amount of the repayments made during those 5 years, because a revolving fund is set up.

So it is completely idle for anyone to say that this is not an appropriation bill—and a very large appropriation bill—or to say that it does not come within the purview of the Senate rules which relate to appropriation bills.

Mr. President, some of my friends in their earlier remarks indicated that they were fearful that if the ruling of the Chair were not sustained in this case, difficulties would be created in the case of existing housing programs, the Seaway appropriations, and other programs which have been handled in this manner. But such a conclusion would be completely erroneous, because here the only question is whether, under the rules of the Senate, the procedure in the case of the pending bill is sound.

Many measures which are passed by the Senate could be attacked by the making of a point of order at the proper time. But often at the time the Senate is so united in its view that the objective of the measure is sound and salutary, that no point of order is raised.

Having served for some years on the Appropriations Committee, I know it is hardly ever that an appropriation bill comes here from the other body without containing numerous items of legislation which could have been stricken out if points of order were made appropriately in the other body.

I also know that as our Appropriations Committee has reported such measures to the Senate, and as they have been passed, there have been frequent additions to the bills by way of affirmative legislation to which no point of order has been raised; and such provisions are perfectly legal when passed in that way.

I remember that last year, when I was handling, here on the floor, the appropriation bill for the Department of Commerce and related agencies—a bill in which our committee had included a provision to allow more high-rated positions in the CAA, which at that time was being very much enlarged—there was a colloquy and debate with my distinguished friend, the Senator from Kansas, and with my distinguished friend, the Senator from South Carolina. But when they realized the salutary nature of the provision which was included, they graciously consented not to raise the point of order; and the bill was passed and was enacted into law with that provision in it; and it was enacted in such a way as to redound to the better serving of the objectives which the CAA carried out.

Scarcely an appropriation bill which the Senate passes fails to contain one or more—sometimes many more—provisions of that sort.

So my friends do not need to worry about how legislation already enacted or already passed may be affected if the ruling of the Chair is not sustained. In that event, such legislation will not be affected in any way, because no point of order was raised at the time of its consideration.

I am sure that in the future there will be times when the Senate will decide that it is wise legislative procedure to

overlook the raising of a point of order, when it is proposed to do something very necessary to be done in that field, and when the actual cost, at the time when the Senate acts, cannot be assessed.

Mr. President, in this proposed legislation we are asked to appropriate \$5 billion, to be spent once, twice, or as many times as it may be paid back, without further control by the Appropriations Committee, which in itself is a minor matter, without the power on the part of Congress to revert to the other system in the event it cannot override the veto of a President who is anxious that this system prevail.

I can understand why this provision was written into the bill. It was because the Executive thought the Congress should have been more generous than it saw fit to be, in the supplemental bill of 2 or 3 months ago, in the granting of additional funds for the Development Loan Fund.

In the expenditure of funds so large as these are, and on an objective which is as subject to question as this is, in which the Congress has insisted on having first an authorization bill and then an appropriation bill in each year in which the foreign aid program has been operating, it seems to me we have a question which is so very vital and one in connection with which the discretion of the Congress should be kept in the picture, in behalf of the taxpayers and the protection of the Treasury, that the Senator from South Dakota was completely justified in raising his point of order, and the Senator is completely justified in standing back of it.

One more remark and I shall be through. No one attaches any criticism at all to the Presiding Officer for his ruling. He very properly referred the matter to the Parliamentarian, and ruled in accordance with what the Parliamentarian advised him, which was the proper course for him to follow. The Parliamentarian has in effect advised that, since the Congress has seen fit not to raise points of order in previous legislation which was highly beneficial to our country, and which was desired to be passed, therefore the point of order could not be raised at this time and on this particular item.

I do not think that reasoning is logical. I do not think that conclusion follows at all. Just as the Senate exercises its judgment from time to time on matters of legislation in appropriation bills, refusing to raise the point of order on some and raising it on others, so may we always—and I hope we shall always—have the right to raise a point of order when a vital matter to our people is involved; and certainly this is such a matter.

Mr. President, may I say, before I take my seat, certainly the Senator from Arkansas and his committee are not to be criticized in any way for what they have done, because they have made so clear what they intend to do. The Senator from Georgia, or perhaps it was one of the other Senators, has already read the language on page 1 of the report, making it very clear that, in addition to the appropriation which is to be made

under this authorization, there is authority granted for the Development Loan Fund to borrow \$1 billion a year for the next 5 years. The report could have gone ahead to make it clear that moneys paid back could be reloaned, but that was not necessary.

If Senators will read pages 15 and 16 of the report they will find the committee laid this matter straight on the line, so there could be no question as to what was intended. Speaking of these particular subsections, the report states:

These subsections effect a major change in the method of financing the Development Loan Fund. Instead of an authorization of appropriations of \$700 million for fiscal 1960, as proposed by the administration, the committee bill gives the Fund authority to borrow from the Treasury up to \$1 billion a year in each of 5 fiscal years beginning in 1960. Any unused portion of this borrowing authority in one year is to be added to authority available in succeeding years. The Secretary of the Treasury is authorized to meet the Fund's needs by a public debt transaction.

That does not mean the funds are not going to be spent from the Treasury. Whether they are spent at the time they are turned over to the Development Loan Fund or at the time they are turned over to our neighbors all over the earth, they are certainly going to be drawn from the Treasury; and that is the wording of the report.

While I compliment the committee for being frank—and I hope Senators will read the rest of the statement, because it makes clear what is intended to be done—I hope Senators will also be equally firm in their insistence that in a far-reaching, long time, huge money matter, so contentious as this has been from year to year, the Congress shall retain from year to year the power to pass upon this program and the power to say whether we shall continue it and in what amount.

I hope the ruling of the Chair be overruled.

Mr. CARROLL. Mr. President—

The PRESIDING OFFICER. The Senator from Colorado.

Mr. AIKEN. Mr. President—

Mr. CARROLL. I yield to the Senator from Vermont, who has been seeking to be recognized.

Mr. AIKEN. I have some pertinent information to put in the record.

Mr. CARROLL. Would the Senator mind if I first made a short statement?

Mr. AIKEN. No.

Mr. CARROLL. Mr. President, I have had real qualms about the present bill and the 5-year, \$5 billion program proposed by the committee. I am not at all averse to having an appropriation made from year to year. I want that distinctly understood. What I am concerned about is that programs that have existed for 25 to 30 years are jeopardized and within a relatively short debate we will have very able Senators making a hasty argument on a point of order which could affect billions of dollars of such programs. I do not think that is legislating responsibly.

This is why I make a suggestion. It has been made before by the distinguished Senator from Alabama, by the

distinguished Senator from Arkansas, and by the distinguished Senator from Indiana. Let the resolution of the matter before us go to the Committee on Rules and Administration. Does anyone doubt, if the point of order is sustained this evening, it will affect housing and other legislation which has been enacted in the past 20 or 25 years? If the point of order is to be sustained, it should be made to apply across the board, and it should be done intelligently.

I make this as a last suggestion: If the Senate sustains the ruling of the Chair, there is nothing to prevent the Senate from later moving to protect the principle involved, if the Senate so desires.

Mr. President, may we have order? It is disconcerting to have so much conversation going on. I would like at least to be able to reflect on my own thoughts.

The PRESIDING OFFICER. The Senate will be in order.

Mr. CARROLL. The point I want to make is that it will be highly unwise for the Senate to take hasty and ill-advised action on a totally new subject which might have an injurious effect on legislation which has been in existence for 25 years. There have been two or three legal opinions expressed, and I respect the opinions, but they are impromptu opinions. No precedents have been cited. Nobody knows how deeply such action would affect other appropriations.

With all due deference to the distinguished Senators who have spoken on the matter, I think they do not know fully at this hour the extent to which other appropriations would be affected. I think I can make that statement with some confidence of accuracy no matter how persuasive their arguments may sound.

Let us assume the Senate sustains the Chair and proceeds from that point. Presumably the Dirksen amendment will then be considered. If it is not, the Senate will proceed with the bill. In the meantime, a proper resolution on this subject could be considered by the Rules and Administration Committee. No harm would be done, because the program does not really become effective for a year. What we are talking about is a loan program, which is completely controllable. In the argument of the Senator from South Dakota, it is true he was not interpreting the Constitution, but he was interpreting the constitutional definition of what is meant by an appropriation. The senior Senator from Colorado [Mr. ALLOTT] stated that the mutual security program is within rule XVI. What is there to worry about? Let us not have any hasty action at this time.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. CARROLL. I yield.

Mr. HOLLAND. Having in mind the constitutional words that no money shall be drawn from the Treasury but in consequence of appropriations made by law, does the Senator contend the \$5 billion which could be taken out of the Treasury and loaned under this measure would not be drawn from the Treasury?

Mr. CARROLL. The junior Senator from Colorado contends this is an issue which should be discussed in the Committee on Rules and Administration, and not tried to be passed on in the Senate in a few minutes, in an atmosphere of first impression. I could very easily agree that if I were rendering a quick interpretation, an off-the-cuff opinion, I might agree that the distinguished Senator from Florida is correct; but this is not the way to legislate, in my opinion, on so serious a question with such far-reaching, historical implications.

Mr. President, I yield the floor.

Mr. AIKEN. Mr. President, it is my understanding that if the decision of the Chair is overruled by the Senate, in effect we shall have decided that borrowings from the Treasury which are made without authorization in an appropriation bill are not legal, or at least we shall have cast serious doubt upon their legality.

Mr. President, I should like to read into the RECORD a list of borrowings from the Treasury which have been made by various agencies, and then comment very briefly.

The Commodity Credit Corporation owes the Treasury \$13,730 million.

The Rural Electrification Administration owes \$2,962 million.

The Farmers Home Administration owes \$403 million.

The Export-Import Bank of Washington owes \$1,888 million.

The Housing and Home Finance Agency owes \$2,819 million.

The International Cooperation Administration owes \$1,172 million.

The Reconstruction Finance Corporation, of course, is liquidated now, but it borrowed untold billions of dollars.

The St. Lawrence Seaway Development Corporation owes the Treasury \$112 million.

The Veterans' Administration, direct loan program, owes \$930 million.

The Defense Materials Service of the GSA, for strategic materials stockpiling, owes \$1,937 million.

The U.S. Information Agency, for Informational Media Guarantees; the Department of the Army, for the Natural Fibers Revolving Fund; the Small Business Administration; and the Department of Commerce, Maritime Administration, for the Federal Ship Mortgage Insurance Fund owe approximately \$21 million.

The Tennessee Valley Authority has been financed through borrowings from the Treasury, although the bond-issuing authority has now been withdrawn except as it relates to retiring old bonds.

Besides those investments by the Treasury, the Treasury now holds securities amounting to \$258 million in the Bank for Cooperatives; \$699 million in the Federal Home Loan Bank; \$1,206 million in the Federal Intermediate Credit Bank; \$1,792 million in Federal land banks; \$1,947 million in the Federal National Mortgage Association.

That makes in all, for notes and other securities held, about \$31,800 million. Some of these borrowings were authorized through the Appropriations Committee and others were not.

It is my understanding that the Housing and Home Finance Agency, which owes the Treasury \$2,819 million, did not have its borrowings authorized by the Appropriations Committee; that the Veterans' Administration direct loan program, \$930 million, was not authorized by the Appropriations Committee; and, furthermore, that by this very law on which we are working there have already been guaranteed private investments abroad amounting to \$500 million, almost the last dollar of which has been committed, and that there is authorization for \$500 million more in the bill which we are considering.

If there are losses on those private investments abroad, the insurance must be paid first through the premiums on hand, which amount to the grand sum of \$4 million, and beyond that they will be paid by notes given by the Director of the ICA to the Treasury.

Those are three items—the Housing and Home Finance Agency; the Veterans' Administration direct loan program; and the guarantee of private investments abroad—which I feel would be seriously jeopardized by overruling the decision of the Chair at this time.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. CASE of South Dakota. I think the Senator overlooks the fact that all of those things have been done by law. I do not think we would impair the validity of any law which has been passed.

Mr. AIKEN. No.

Mr. CASE of South Dakota. Even though the money has been taken from the Treasury by this device, if it was done as the result of a law, it conforms to the constitutional provisions.

Mr. AIKEN. I believe two of our colleagues on the floor have been quoting from the rules of the Senate to the effect that unless the authorizations went through the Appropriations Committee they would not be legal.

Mr. CASE of South Dakota. No.

Mr. AIKEN. That is my understanding.

Mr. CASE of South Dakota. The Senator misses the point. We have not contended those actions were not legal. This would be legal if Congress did it, and the bill became a law.

Mr. AIKEN. And we made the appropriation. Yes, indeed; I agree.

Mr. CASE of South Dakota. Either way. If Congress passes the law, it will be drawing the money from the Treasury by law. It is the contention of the Senator from South Dakota that since it is an appropriation it should be handled under the rules of the Senate pertaining to appropriations.

Mr. AIKEN. If the contention of those who are opposed to the provisions of the bill is correct, then the Housing and Home Finance Agency, the Veterans' Administration, and the program of guarantees for private investments abroad have all been illegal programs up to this point.

Mr. CASE of South Dakota. Those are not illegal. They have been authorized by law.

Mr. AIKEN. They did not go through the Appropriations Committee.

Mr. CASE of South Dakota. But that is not the point. It is not a question of whether these things are legal. If the point of order was not made when the law was passed, then they are legal.

Mr. AIKEN. Let us consider the REA. The Comptroller General has already driven one spike into the coffin of the REA. Do we want to drive another one? I expect some do, but I do not.

Mr. CASE of South Dakota. No. As a matter of fact, most REA funds have come as a result of appropriations, and there has been an authorization to make appropriations.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. KEATING. It seems to me that perhaps there is confusion over the fact that this would not have any effect on legislation already on the statute books.

Mr. LAUSCHE. Mr. President, will the Senator please speak a little louder.

Mr. KEATING. Clearly, if we were to overrule the decision of the Chair it would have no effect whatsoever on legislation now on the statute books. I think it would mean, as for the future, that such a method of what one perhaps might call back-door financing would not be permitted, and that hereafter such appropriations would have to go through the Appropriations Committee. This certainly would have not an effect on anything already in the law.

Mr. AIKEN. Mr. President, I will say that the Comptroller General has questioned the legality of loans to the REA cooperatives 18 years after the bill which purported to authorize such loans was passed. If the Comptroller General can do that with regard to the REA, certainly it would put other agencies in equal jeopardy if we take this action and overrule the decision of the Chair.

There may be more opposition to the REA in some quarters than there is to some of the other agencies, but I do not see how we can question the legality with respect to one agency and not with respect to the others.

I think we should really know what we are doing. I do not know how many agencies, in addition to the three I have mentioned, have obtained their borrowing authority outside the Appropriations Committee. There may be others. These three have been called to my attention while I have been on the floor.

Mr. President, if there is no more discussion on this matter, in order to simplify the vote, I move to lay on the table the appeal of the Senator from South Dakota from the ruling of the Chair.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Vermont to lay on the table the appeal of the Senator from South Dakota from the ruling of the Chair.

Several Senators addressed the Chair.

Mr. CASE of South Dakota. Mr. President, a point of order.

Is an appeal from the ruling of the Chair subject to a motion to lay on the table?

The PRESIDING OFFICER. An appeal from the ruling of the Chair is subject to a motion to lay on the table; and,

therefore, the motion of the Senator from Vermont is in order.

Mr. LAUSCHE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The motion to table is not debatable. The Chair will entertain a parliamentary inquiry. The Senator will state it.

Mr. LAUSCHE. Does the order for the yea-and-nay vote applying to the appeal of the Senator from South Dakota apply to the motion of the Senator from Vermont?

Mr. AIKEN. Mr. President, in case it does not, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Vermont to lay on the table the appeal of the Senator from South Dakota from the ruling of the Chair. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll, and Mr. AIKEN voted in the affirmative and Mr. ALLOTT voted in the negative when their names were called.

Mr. THURMOND. Mr. President, I wonder if the Presiding Officer will clearly state the question. As I understand the situation, a vote "yea" is a vote to sustain the ruling made by the Presiding Officer; and a vote "nay" is a vote to sustain the position of the Senator from Georgia [Mr. RUSSELL] and the Senator from South Dakota [Mr. CASE] to overrule the decision of the Chair. Is that correct?

The PRESIDING OFFICER. Essentially it is correct. The Senator from South Carolina makes inquiry as to the effect of a vote on the motion to table. If the vote is "yea" and the motion to table is agreed to, then the whole question of appealing from the ruling of the Chair will be laid on the table, and the Senate will proceed to consideration of the amendment to the bill.

Mr. LAUSCHE. Mr. President—

The PRESIDING OFFICER. The Senator from Ohio.

Mr. LAUSCHE. This may be repetitious, but do I correctly understand we are not now voting on the appeal from the ruling of the Chair, but are voting on a motion to table?

The PRESIDING OFFICER. The Senator is correct. The vote is on the motion to table the appeal from the ruling of the Chair.

Mr. CLARK. A parliamentary inquiry, Mr. President.

Mr. FULBRIGHT. Mr. President, I ask for the regular order.

The PRESIDING OFFICER. The Senator from Pennsylvania will state his parliamentary inquiry.

Mr. CLARK. A vote "yea" on the motion to table is a vote in opposition to the point of order is it not?

The PRESIDING OFFICER. In effect that is correct.

The clerk will resume the call of the roll.

The Chief Clerk resumed and concluded the call of the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Is-

land [Mr. GREEN], and the Senator from Montana [Mr. MURRAY] are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

The Senator from Tennessee [Mr. GORE] is absent on official business attending the nuclear test suspension conference in Geneva, Switzerland.

On this vote, the Senator from New Mexico [Mr. CHAVEZ], is paired with the Senator from Rhode Island [Mr. GREEN]. If present and voting, the Senator from New Mexico would vote "nay" and the Senator from Rhode Island would vote "yea."

On this vote, the Senator from Connecticut [Mr. BUSH], is paired with the Senator from Montana [Mr. MURRAY]. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from Montana would vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from Iowa [Mr. HICKENLOOPER] are absent on official business of the Joint Committee on Atomic Energy.

The Senator from Connecticut [Mr. BUSH] is necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT] would vote "nay."

On this vote, the Senator from Connecticut [Mr. BUSH], is paired with the Senator from Montana [Mr. MURRAY]. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from Montana would vote "yea."

The result was announced—yeas 42, nays 48, as follows:

YEAS—42

Aiken	Fulbright	Magnuson
Anderson	Hart	Mansfield
Bartlett	Hartke	Morse
Cannon	Hennings	Moss
Capehart	Humphrey	Muskie
Carlson	Jackson	Neuberger
Carroll	Javits	Prouty
Case, N.J.	Johnson, Tex.	Proxmire
Church	Kefauver	Randolph
Clark	Kennedy	Sparkman
Cooper	Kerr	Symington
Dodd	McCarthy	Williams, N.J.
Douglas	McGee	Yarborough
Engle	McNamara	Young, Ohio

NAYS—48

Allott	Goldwater	Morton
Beall	Gruening	Mundt
Bible	Hayden	Pastore
Bridges	Hill	Robertson
Butler	Holland	Russell
Byrd, Va.	Hruska	Saltonstall
Byrd, W. Va.	Johnston, S.C.	Schoeppel
Case, S. Dak.	Jordan	Scott
Cotton	Keating	Smathers
Curtis	Kuchel	Smith
Dirksen	Langer	Stennis
Dworshak	Lausche	Talmadge
Eastland	Long	Thurmond
Ellender	McClellan	Wiley
Ervin	Martin	Williams, Del.
Frear	Monroney	Young, N. Dak.

NOT VOTING—5

Bennett	Gore	Murray
Bush	Green	O'Mahoney
Chavez	Hickenlooper	

So Mr. AIKEN's motion to lay on the table the appeal by Mr. CASE of South Dakota from the ruling of the Chair was rejected.

The PRESIDING OFFICER. The question is, Shall the decision of the Chair stand as the judgment of the

Senate? On this question the yeas and nays have been ordered.

Mr. FULBRIGHT. Mr. President, I shall not delay the Senate very long. The vote just taken would indicate that the majority of the Senate intends to sustain the appeal; that is, to vote against the ruling of the Chair. I simply wish to emphasize how important I think the vote will be. It will have ramifications far beyond the foreign aid program. I realize that the foreign aid program is an unpopular program; it does not have local appeal. It is an extremely difficult program to manage in Congress. It is not very pleasing to its sponsors, those who have to manage it, because the effect upon our own people is not direct. Many persons have misunderstood it. They consider that it is not in the interest of the United States.

I simply say that if the Senate overrides the decision of the Chair, such action will have very wide effect upon many other programs, and they are programs in which all Senators are interested.

Senators are interested in the housing program. They are interested in the St. Lawrence Seaway. The Senator from Vermont [Mr. AIKEN], a moment ago, mentioned some 15 or 20 programs which reach into all aspects of this country's activities. Now there are 98 Senators; soon there will be 100. One effect of such action, among others, will be to delegate almost complete control over not only appropriations, but also policy, to 27 Members of this body, and to a similar body in the House.

Senators who fail to sustain the Chair's decision will have voted to delegate control of not only the foreign aid program, but of many other programs of great importance—the International Bank, the Export-Import Bank, the RFC, the REA, and many others, to the Committee on Appropriations.

I do not criticize the Committee on Appropriations. I suppose if I were a member of that committee, having confidence in my own judgment and opinions, I also would seek the power to control such programs. So I do not criticize that committee at all. They are among the ablest Members of this body, some of them are senior Members. I do not cast any reflection upon them.

But I think some of us have a responsibility to the constituents of all Senators, not only in the foreign aid program. I think it is extremely improvident to take an unpopular bill—I recognize it is unpopular; it does not represent votes in Arkansas, or anywhere else, I presume—to take this kind of vehicle and use it as a means to give up what little authority we have left with respect to all the other programs. This, I repeat, is extremely improvident. I think we ought to consider most seriously the ramifications of the step we are about to take.

Mr. KERR. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KERR. The Senator from Arkansas has made a statement which is quite challenging to me. Does he visualize

that the highway program would be affected?

Mr. FULBRIGHT. I do not recall that the highway program relies upon public debt transactions. I do not believe it does. But there are a great many programs which do. I had a list of them a moment ago. I think the highway program is a trust fund operation.

Mr. KERR. A part of it is a trust fund operation. But suppose Congress decided, for instance, to waive the so-called Byrd amendment for fiscal 1961 to enable apportionments to be made.

Mr. FULBRIGHT. I believe the way that happened was that the administration asked for public debt transactions, but Congress changed that into what is called a trust fund and provided an appropriation for the trust fund. That is not a public debt transaction.

Let me give a list to the Senator from Oklahoma. I realize that many Senators were not here when the Senator from Vermont made a much more thorough statement than I have made. But for the information of the Senate, I shall read a partial list of activities which have been financed, and many are now being financed by public debt transactions, which in effect the vote against the ruling of the Chair would prohibit in the future. Among them are: Commodity Credit Corporation, Federal Farm Mortgage Corporation, Federal Public Housing Authority, Home Owners Loan Corporation, Reconstruction Finance Corporation, Tennessee Valley Authority, Export-Import Bank, International Bank for Reconstruction and Development, Federal Home Loan Bank Board, Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, Defense Production Act, Civil Defense Act, Public Law 480; and the St. Lawrence Waterway, which is not on the list.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. AIKEN. I read a list of the agencies which are financed through borrowings from the Treasury. I stated that I did not know how many of those agencies had their borrowings authorized by the Committee on Appropriations, but it appears that among them are the Housing and Home Finance Agency, which I believe has not had its authorization this year, and the direct loans program of the Veterans' Administration, which already owes the Treasury \$930 million. The Housing and Home Finance Agency owes \$2,819 million. There is also the guarantee of private investments abroad, for which we are authorizing another \$500 million in the bill now under discussion. If the Chair is not upheld in his decision, those three items most certainly will have to go through the Committee on Appropriations this year. If we interpret correctly the position of the members of the Committee on Appropriations, as they have expressed themselves on the floor, they certainly would not agree to letting those agencies finance themselves as they have been happily doing in the past. I am certain that members of the Committee on Appropriations who

are here can tell us about that, too. But from their remarks, I think they would certainly require that direct appropriations be made. I do not know what in the world they would do about next year's budget without putting them considerably out of balance.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. With reference to the question raised by the Senator from Oklahoma [Mr. KERR], what he referred to is not a public debt transaction, although it was requested as such by the present administration. The Senator from Arkansas was correct in his answer that instead of making it a public debt transaction, it was made an earmarking proposition under which certain collections go into a trust fund which is available only for appropriation to highway objectives. Each year, or whenever an appropriation is required, and the trust fund permits, the sum is appropriated, just as we finished work today on a conference report containing an appropriation for next year, fiscal 1960, out of that fund.

I do not think this is a question of the Committee on Appropriations insisting on any change—

Mr. FULBRIGHT. Mr. President, I yielded for a brief statement. I shall not occupy the floor very long. Then I shall be glad to yield to the Senator from Florida again. I will yield for questions, but I wish to complete my statement.

Mr. HUMPHREY. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. Is it not true that last year, in June 1958, a proposal was advanced in the Senate by the junior Senator from Virginia [Mr. ROBERTSON] I believe, to provide authority under the Financial Institutions Act for borrowing without reference to the Committee on Appropriations? The bill provided borrowing authority, without reference to the Committee on Appropriations, for \$4,750 million for the Federal Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation. I am reading from the CONGRESSIONAL RECORD of June 9, 1958. Here was a very important sum of \$4,750 million. Is not that true?

Mr. FULBRIGHT. The Senator is correct.

Mr. HUMPHREY. Is it not true that as to the Small Business Investment Act concerning which the Senate voted to decide the question whether funds should be authorized by borrowing or through the Committee on Appropriations, the Senate decided in favor of the borrowing authority?

Mr. FULBRIGHT. That is correct.

Mr. HUMPHREY. Is it not true that the Small Business Administration Act, which involves a revolving fund, provides for borrowing authority?

Mr. FULBRIGHT. The Senator is correct. My list is not an exhaustive one; I know there are many others. But we have a partial list of these activities.

Mr. ROBERTSON. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ROBERTSON. I did not propose the provision for the FDIC to engage in backdoor financing. That provision was in the law when it was created in 1934; and it was continued because we did not have sufficient votes to change it.

Only 2 years ago, I did not have sufficient votes to keep the direct-loans-from-the-Treasury provision from being placed in the housing bill.

Senators should bear in mind that the vote about to be taken will not affect any action the Congress has taken in the past.

On this vote, Senators will, in effect, be voting whether this method of financing can be continued for 4 more years, with little of the money ever to be returned to the Treasury.

Mr. FULBRIGHT. Mr. President, the Senator—

Mr. ROBERTSON. Mr. President, Senators should not accuse me of responsibility for that provision, for I did not have sufficient votes to change it.

Mr. FULBRIGHT. The Senator from Virginia is correct; the record shows that provision was already in the law.

The Senator from Virginia has done much better than I could do to reveal one aspect of this matter—namely, that the Appropriations Committee cannot repeal all that has been done.

But Senators can be sure that if, as a result of their votes, inclusive power in the case of all appropriation items which have been mentioned is delegated to the Appropriations Committee, that committee will handle all those matters from that time on, and from that time on the Members of the Senate who are not members of the Appropriations Committee will have very little to do and very little to say about the programs.

I have been treated very generously by the Appropriations Committee; it has been very generous with many items in which I have been interested. But if we place all the authority in the hands of the Appropriations Committee, the rest of the Members of the Senate will have very little to do except play golf and take vacations.

As our report shows, this proposed change is most significant. Senators should consider what has happened to the attempts to provide past authorizations for the Development Loan Fund. This year, the House Appropriations Committee refused to include one penny of appropriations for this purpose in the supplemental appropriation bill. The administration requested \$250 million, but the House Appropriations Committee allowed nothing. Is that a regular function of the Appropriations Committee? Is the committee engaging in policymaking, when it simply eliminates the entire item? Or is the committee performing the usual functions of the Appropriations Committee?

Perhaps we would be better off to trust the future of the country to the 27 members of our Appropriations Committee, who include some of the most knowledgeable and some of the wisest and some of the most experienced senior Members of this body; and perhaps then I would be better off and the country would be better off.

But I want Senators to understand what the forthcoming vote will mean.

This provision to give the Development Loan Fund continuity was deliberately included in the bill. We believe that because of the peculiar nature of the foreign aid program, and because it does not have local appeal and is not promoted by local lobbies, that this provision is essential to the success of the program.

No Member of the House and no Member of the Senate is really interested from a local point of view in this program. I support it only because I believe it absolutely necessary to the security of the country—not for the benefit of Arkansas or for the benefit of any other State. The President and the Secretary of State and all the officials in the executive branch believe this program is necessary. So does the Congress. That was also true under the previous administration.

This program is essentially a national program, not a local one. No Member of Congress has a personal interest in lobbying for the enactment of a program of this kind. This program is distinguishable on its merits from every local program. All the local programs are supported by various groups of citizens—pressure groups, some may wish to call them—who wish to make sure that the programs in which they are interested receive consideration.

If Senators wish to end all foreign aid, the most honest way to do that would be for Senators to vote down the bill. But another good way to end the foreign aid program would be to vote not to sustain the ruling of the Chair.

It has been said that much of this program has been wasteful. That is true, and it must necessarily be true if the program is to be continued on an annual basis. There is no possible way to administer this program efficiently on an annual basis.

So the first decision for Senators to make is whether they wish to have a foreign aid program. If they do not wish to have a foreign aid program, they should vote not to sustain the ruling of the Chair.

But if Senators believe that such a program is needed, then the only way to advance the program—as shown by the studies made by the committee and as shown by experience itself—is to adopt the procedure called for by this provision of the bill.

Mr. ERVIN. Mr. President, I shall vote to sustain the appeal from the ruling of the Chair. I shall do so for three reasons.

The first reason is that a vote of that character will attribute to the rules of the Senate and also to the Constitution of the United States the proper definition of what constitutes an appropriation bill.

I will vote to sustain the appeal from the ruling of the Chair for a second reason, namely, to put an end to entering the Treasury by the back door. The recitations about the extremely large amount of back-door financing which has gone on in the past show the necessity of doing exactly that.

It appears that the stable door has been left open, and the horse has already gone, and now the question is whether Senators wish to save the cow.

If the appeal from the ruling of the Chair is sustained, such action will tend to put an end to the back-door financing which deprives the representatives of the American people in the Congress of the power to control the purse, which power is committed to them by the Constitution.

I shall vote to sustain the appeal from the ruling of the Chair for a third reason—and one which I consider very essential—namely, because that is the only way by which the representatives of the American people in the Congress of the United States can retain control over the foreign-aid program.

My able and distinguished friend, the junior Senator from Arkansas [Mr. FULBRIGHT], has said that if Senators vote to sustain the appeal from the ruling of the Chair, they will be voting to commit to the members of the Appropriations Committee control of the foreign-aid program. Mr. President, I disagree with the Senator from Arkansas on that point. Senators who vote to sustain the appeal from the ruling of the Chair will be voting to retain control of this program in the hands of a majority of the Congress. They will not be voting to delegate that power to the members of the Appropriations Committee, because the Appropriations Committee can always be overruled by the votes of a majority of the Members of the Senate whenever a majority of the Members of the Senate do not approve of the action of the Senate Appropriations Committee in connection with the foreign aid program, the majority of the Senate can repudiate that action and express its own will as it sees fit.

But, Mr. President, as the able and distinguished senior Senator from Georgia [Mr. RUSSELL] has so well pointed out, if the Senate passes this bill in its present form, and thus provides that \$1 billion can be withdrawn from the Treasury for loans to foreign countries each year, for 5 years, then it will not be possible for the Senate to revoke that authority, except by a subsequent act of Congress, which not only would have to pass both Houses of Congress, but, in the event of a Presidential veto, would have to pass both Houses of Congress by a two-thirds vote.

I think the people of the country are entitled to have their representatives in Congress retain control of the foreign-aid program.

I think a great many of the people of the country are becoming very doubtful about the wisdom of loans. Loans made in the First World War are still outstanding and remain unpaid; and at this date they total \$18,500 million.

Approximately \$16 billion of other loans which we have made since July 1, 1945, are in large measure, still outstanding.

If Senators do not vote to sustain the appeal from the ruling of the Chair, they will be voting to relinquish for 5 years any power they have as the representatives of the people of the United States

to participate in the control of the foreign-aid program. We cannot justify abdicating our constitutional powers and duties in that fashion.

Mr. AIKEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Vermont will state it.

Mr. AIKEN. If the appeal from the ruling of the Chair is not sustained, will that have the effect of deleting from the bill any other provisions which provide for a similar method of financing?

The PRESIDING OFFICER. The point of order was made against the part of the bill which has to do with the \$1 billion loan fund. That provision commences on page 16, in line 13, and ends on page 17, in line 13. That is the part of the bill to which the point of order was raised.

Mr. AIKEN. If another provision of the bill provides for a similar method of financing, it would not automatically be excluded from the bill, unless another point of order was made and was sustained; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. AIKEN. Then I would raise a point of order against another provision of the bill; I refer to the provision which would guarantee the private investments overseas.

I believe the Senate may be interested in knowing some of the concerns that are benefiting from that guaranty; and now it is proposed that another \$500 million of guaranties be issued. I shall read the names: Socony-Mobil Oil Co.; Syntrol Co.; Smith-Corona, Inc.; Westinghouse Electric International Co.; W. R. Grace & Co.; Ray-o-Vac International; Chrysler Corp.; Clark Equipment Co.; Dow Corning Corp.; Ellicott Machine Corp.; Ford Motor Co.; Fruehauf Trailer Co.; Koppers Co.; Olin Mathieson Co.—which, I believe, is the largest concern included, and has more insurance than any other—Firestone Tire & Rubber Co.; Johns-Manville Co.; Raytheon Manufacturing Co.; B. F. Goodrich Co.; Monsanto Chemical Co.; Olin Mathieson Chemical Co.; Socony-Mobile Oil Co., Inc.; Standard Oil Co. of New Jersey; Westinghouse Air Brake Co.; Dow Chemical International, Ltd.; Edwin W. Pauley and Phillips Petroleum Co.; Phelps Dodge Corp.; Rheem Manufacturing Co., and so forth. There is a long list of them. These are exceptionally strong concerns, for the most part; and there is some question in my mind as to whether we should guarantee investments overseas for those concerns at all.

But if we are not going to do things for people overseas who really need economic help, I should be impelled to raise a point of order against the provision of the bill which gives benefits to the multi-million dollar corporations.

The PRESIDING OFFICER. The Senator may raise a point of order at a later time.

Mr. AIKEN. I am merely mentioning the point now. At a later time I shall raise the point of order although I would not object to authorizing an ap-

appropriation for the purpose of giving insurance to these or other concerns investing in underdeveloped countries to the extent of \$500 million.

Mr. KUCHEL. Mr. President—

The PRESIDING OFFICER. The Senator from California.

Mr. KUCHEL. First of all, I should like to understand precisely what the ruling of the Chair was. Was it the Chair's ruling that the point of order is not well taken because the language objected to by the Senator from South Dakota does not constitute an appropriation?

The PRESIDING OFFICER. The Chair has followed the precedents of the Senate and also the precedents of the House in overruling the point of order. The point of order made by the Senator from South Dakota was that the provision for a loan is in violation of the rules of the Senate because it constitutes payments of funds from the Treasury, which he construed as meaning an appropriation.

Mr. KUCHEL. Because the Senator from South Dakota construed it as being an appropriation?

The PRESIDING OFFICER. Yes.

Mr. KUCHEL. May I ask the Chair, has a ruling ever been made on this question before in the recollection of the Parliamentarian?

The PRESIDING OFFICER. The recollection of the Parliamentarian is there has never been a precise ruling on this point. It has been debated in the Senate, and there have been indications that the point would be raised at various times, but it has never been raised, and the question is now before the Senate.

Mr. KUCHEL. May I inquire if there is a rule in the body of the Senate rules which might be pointed to by the Chair to guide the Members of the Senate in our decision?

The PRESIDING OFFICER. The ruling is not based on any specific rule in the Senate rules. In making the ruling, the Chair pointed out that for a number of years the Senate has legislated in this manner. There has been general acquiescence. When the point has been debated, although never specifically raised, the Senate has determined to go forward with this method. When the point was raised in the House, it was decided in the way the Chair here decided.

Mr. KUCHEL. Is there any provision in the American Constitution which provides for the withdrawal of funds from the Federal Treasury other than by an appropriation statute?

The PRESIDING OFFICER. Obviously it has been done for a number of years in many other programs.

Mr. KUCHEL. On that question, I ask the Chair if he would ask for the comment of the Parliamentarian, because this is, I think, Mr. President, something that has to do with the Constitution and with the rules, and has nothing to do with the merits or demerits of the Development Loan Fund.

The PRESIDING OFFICER. The Chair did not rule on the basis of any constitutional provision. The Chair thinks this question has been rather

clearly debated on the floor. The section of the Constitution which has been referred to by a number of Senators in debating this question is the one which states:

No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.

Mr. KUCHEL. Mr. President I shall take only a few moments. I believe in the Development Loan Fund. I have voted for mutual security. I want to continue to do so. But the merits or demerits of American foreign policy as embodied in mutual security or the Loan Development Fund are irrelevant to what is under discussion now.

The question here is very simple. Are we going to apply the rules of the Senate? Are we going to abide by them? Or are we to throw them out the window if we do not like them? The rules of the Senate provide that appropriation bills shall go to the Appropriations Committee. The pending bill, I take it, is a special appropriation bill. The Senator from South Dakota and the Senator from Georgia were most explicit and I think correct in pointing out the one constitutional provision which has to do with spending Federal money. Thus we are faced with the question of whether Senators intend to abide by the rules and whether we ought to apply them under the Constitution.

Under the Constitution, I think it is clear this constitutes an appropriation bill. It has not been sent to the Appropriations Committee, to which our rules provide it shall be sent. The provision for the suspension of the rules has not been followed. Thus, in my judgment, there is only one way for us to cast our votes.

One more point, Mr. President, in connection with the question that laws of similar character have been enacted in prior sessions. I do not think any American court would listen to the contention that because a law had been previously violated, the statute covering the violation was void.

There is no provision in the Constitution that the rules of the Senate shall be followed. That is a matter for the Senate to determine. It seems to me it is meet and just that we follow the rules which have been established for the Senate.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. KENNEDY. Does not the question really come down to whether we consider this an appropriation or not? If we consider it an appropriation, the point of order is well taken. The thesis of the Senator from Arkansas and of some of the others of us is that it is not an appropriation; it is a loan program and a borrowing from the Treasury. When there is an appropriation there is no repayment. This bill provides for a loan which will be repaid. Therefore it is not an appropriation. I think if a Senator favors the program he may well accept the thesis that this is not an ap-

propriation, but is a borrowing from the Treasury, which will have to be repaid under the terms of the law, and therefore does not fall within the limitations of rule XVI.

Mr. KUCHEL. Let me say something at that point. I think we have developed something that is important. Can the Senator show me in the Constitution or elsewhere a method by which money may be drawn from the Treasury other than by appropriation?

Mr. KENNEDY. There is nothing in the Constitution which requires this matter to be referred to the Appropriations Committee. That provision is contained in the rules of the Senate. Reading the rules of the Senate, it comes to a question of judgment as to whether this is an appropriation or a loan program. My judgment is that it is a loan program, and therefore does not fall within the strictures of rule XVI.

I hope the Senator from California, who I know believes in this program, will take that interpretation rather than the other, and I think he can take either.

Mr. KUCHEL. Would my able friend contend that we would consider in the Congress a bill providing that the Department of Commerce could receive a loan of X hundred million dollars from the Secretary of the Treasury to be used by the Department of Commerce in the ensuing fiscal year for such public purposes as were laid down?

Mr. KENNEDY. I think that if the Congress set up a program, and if the Committee on Interstate and Foreign Commerce approved it, and if it provided for loans to be paid to small businesses, and if the Senate authorized the amount to be taken for that purpose, then I believe we would be in a comparable position. I think the Export-Import Bank is.

Mr. KUCHEL. Would not that make a mockery of the constitutional provision with respect to withdrawing moneys from the Public Treasury?

Mr. KENNEDY. The point is that the Senate may consider it unwise to withdraw money in this way. That is a policy question. But I hope the Senator will not vote against the ruling because it is against the rules of the Senate, unless the Senator interprets it as an appropriation, and I think there is every reason why he should not do so.

Mr. KUCHEL. Let me put it this way: Does not the Constitution determine how moneys may be withdrawn from the Treasury?

Mr. KENNEDY. The Constitution of the United States is not involved in this discussion, because when the Constitution was written the Appropriation Committees were not established.

Mr. KUCHEL. The Senator will agree with me that under the Constitution moneys shall be withdrawn from the Treasury only by appropriations. That is true, is it not?

Mr. KENNEDY. Yes.

Mr. KUCHEL. Where does the Constitution give authority to borrow money from the Treasury other than by appropriation bills?

Mr. KENNEDY. Is it the Senator's point that the point of order is raised

on constitutional grounds because, if so, the Senator is inaccurate, since there is no appropriation involved?

Mr. KUCHEL. I do not want to keep repeating this point over and over again, and so I yield in order that other Senators may discuss the matter.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to the Senator from New York.

Mr. KEATING. The distinguished Senator from California is so right. The Constitution enters into the question. It provides that no money shall be drawn from the Treasury, except in consequence of appropriations made by law.

As a second consideration we have the Senate rule providing for the duties of the Committee on Appropriations, including appropriations of revenues for the support of the Government.

The word "appropriations" is used in the Constitution, and the Senate has determined how appropriations shall be brought to this body. The only question is: Does this bill provide for drawing money from the Treasury?

I feel it is drawing money from the Treasury.

Mr. KUCHEL. There can be no question about it.

Mr. KEATING. I support fully the position of the distinguished Senator from California that this program is one of the finest programs in the entire mutual security area. The Development Loan Fund is the most important single program there is. However, we still must comply with the provisions both of the Constitution and of the rules of this body.

It is not accurate for the Senator from Arkansas to say that if the presiding officer is overruled on this issue such action will destroy the program. All that the distinguished Senator from Arkansas needs to do is to change the language to provide for authorizing a 5-year program at \$1 billion a year.

Mr. KUCHEL. To be appropriated annually.

Mr. KEATING. To be appropriated annually in accordance with the correct procedure, and past procedure under the law.

Mr. KUCHEL. I agree with what my able friend from New York has said.

In that connection, Mr. President, I ask unanimous consent to have printed in the RECORD the paragraph on page 15 of the Senate report on the Mutual Security Act of 1959 which begins with the words "These subsections."

There being no objection, the paragraph was ordered to be printed in the RECORD, as follows:

These subsections effect a major change in the method of financing the Development Loan Fund. Instead of an authorization of appropriations of \$700 million for fiscal 1960, as proposed by the administration, the committee bill gives the Fund authority to borrow from the Treasury up to \$1 billion a year in each of 5 fiscal years beginning in 1960. Any unused portion of this borrowing authority in one year is to be added to authority available in succeeding years. The Secretary of the Treasury is authorized to meet the Fund's needs by a public debt transaction.

Mr. KUCHEL. This is the first time we have had this suggestion, which my friend from New York and I, in our opinion, find to be invalid.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. LAUSCHE. Is it not a fact that the opinion or the argument which the Senator from California is advancing is based upon language in the Constitution which I shall hereafter identify? The Constitution says, "No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

The opponents of the argument made by the Senator from California want the Constitution to read, "No money shall be drawn from the Treasury, but in consequence of appropriations made by law or when it is borrowed."

That language is not in the Constitution. The word "drawn" means either by loan or by payment to be finally expended. The Constitution does not say that money may be drawn by loan and without appropriation. That is what the opponents are saying in the argument that the Presiding Officer should be sustained in his ruling.

The language of the Constitution is clear. No arguments can change it.

I will say to the Senator from Indiana [Mr. CAPEHART], since I heard his argument, in which he tried to make a distinction between moneys finally spent and moneys loaned, I humbly submit to the Senator that the Constitution does not contain the language which he has relied upon as the basis for his position.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. KUCHEL. My friend the Senator from Ohio is completely correct, Mr. President. The language of the Constitution, I submit, is the single, sole means by which constitutionally moneys may be drawn from the Federal Treasury.

Mr. CAPEHART. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Chair will point out to the Senator from California that careful inquiry was made of the Senator from South Dakota as to whether he based his point of order on the Constitution, to which the Senator replied in the negative, that he did not. The Senator stated he based his point of order on the rules of the Senate.

Mr. KUCHEL. There is no question about that, Mr. President. I agree. However, to interpret the rules of the Senate and to have a Senator determine what constitutes an appropriation bill, and thus have a Senator determine to what committee the proposed legislation should go, it is necessary to look first to the Constitution and to the provision with respect to appropriations, in this Senator's opinion.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to the Senator from Indiana.

Mr. CAPEHART. Mr. President, it seems to me that the Congress could appropriate or could authorize, or whatever one may want to call it, moneys for

the Treasury to loan out month by month, just as the Congress could provide any other appropriation. When the Constitution was adopted there was no Appropriations Committee. The Congress itself, as a whole, passed upon appropriations. The Constitution gives the Congress the right to appropriate, or to direct the Treasury to loan money, to spend money, or to do whatever Congress wishes.

I am opposed to changing the ruling tonight. I shall vote to sustain the ruling of the Presiding Officer. The fact is that what is good for the goose is good for the gander. I am not so certain that we should not look into the rule and consider changing it. However, I want to invite attention to the fact that every time one of these bills comes before the Senate we will have to go through the same procedure we are going through now if the ruling is not sustained. That is why I think it would be much better to introduce a resolution, to have it referred to the Committee on Rules and Administration, and to have the committee report to the Senate a resolution which would cover all of the projects I am going to name.

For example, the Commodity Credit Corporation now borrows money from the Treasury.

The Rural Electrification Administration now borrows money from the Treasury.

The Farmers Home Administration now borrows money from the Treasury.

The Export-Import Bank borrows money from the Treasury.

The Housing and Home Finance Agency borrows money from the Treasury.

The International Cooperation Administration borrows money from the Treasury.

The St. Lawrence Seaway Development Corporation borrows money from the Treasury.

The Veterans' Administration borrows money from the Treasury.

Mr. JOHNSON of Texas. Mr. President, may we have order, please.

The PRESIDING OFFICER. Senators will take their seats. If Senators desire to converse they will retire to the cloakrooms. The Senate will be in order.

Mr. CAPEHART. The Defense Materials Service of the GSA borrows money from the Treasury.

The U.S. Information Agency borrows money from the Treasury.

The Department of the Army, natural fibers revolving fund, borrows money from the Treasury.

The Small Business Administration borrows money from the Treasury.

The Department of Commerce borrows money from the Treasury. In answer to the able Senator from California, who raised a question a few moments ago regarding the Department of Commerce and the borrowing of money, the Department of Commerce, the Maritime Administration, Federal Ship Mortgage Insurance Fund, borrow money from the Treasury.

The Tennessee Valley Authority borrows money from the Treasury.

In addition, we have the Bank for Cooperatives, the Federal home loan banks, the Federal intermediate credit banks, the Federal land banks, the Federal National Mortgage Association, and, just recently, the Federal Deposit Insurance Corporation.

Mr. KUCHEL. I wish to say to my friend from Indiana that when I made the suggested analogy to the Department of Commerce, it was merely to try to indicate that we could abolish the whole theory of appropriations, if this plan is correct, and instead of appropriating money, we could say, "Let it all be loaned, so much money each year, by the Treasury."

Mr. CAPEHART. Now, Mr. President—

Mr. KUCHEL. Mr. President, I have the floor.

Mr. JOHNSON of Texas. Mr. President, may we have order, please?

The PRESIDING OFFICER. The Senator from California has the floor.

Mr. KUCHEL. I want my friend to speak in his own right, rather than by yielding to him.

Mr. CAPEHART. I do not care. Why does the Senator set me down?

Mr. KUCHEL. I did not force the Senator to sit down.

Mr. CAPEHART. The Senator did.

Mr. KUCHEL. I yield the floor, Mr. President.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. CAPEHART. Mr. President, I simply want to say that I am not so certain it would not be a good thing to do what is being proposed tonight, but I certainly would hate to see the Congress, in the light of all the other projects and institutions I have named, which all borrow money directly, upset the program overnight.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. Does it not seem a little strange that this provision should be attacked with regard to the particular bill under consideration, when yesterday in this Chamber the Senator from South Dakota offered an amendment to the military construction bill to continue a program which uses the same kind of financing, the Capehart housing program?

Let me make it clear that I do not mean by that statement the funds are actually provided for the housing under such a provision, but there is a provision in the law that the mortgages shall be supported by the Federal National Mortgage Association, under a special assistance program, at 100 cents on the dollar. In other words, the Capehart housing program is one of the programs which is dependent on this kind of approach.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. SPARKMAN. May I ask the Senator another question? Is it not true that just the day before yesterday—or was it yesterday?—the President of the United States signed into law the veterans' housing program, which gets its money in exactly this way?

Mr. CAPEHART. It borrows from the Treasury.

Mr. SPARKMAN. Yes.

Mr. CAPEHART. My point is that I think we ought to take a good look at the program. I think we ought to have a resolution introduced. The Committee on Rules and Administration ought to go into the matter.

How can Senators vote tonight to deny the Development Loan Fund the right to follow this procedure, when we have such an impressive list as I have just named of agencies following the same procedure? Why do we want to set a precedent? The minute the ruling of the Presiding Officer fails to be sustained, the able Senator will offer the same objection to throw out other sections of the bill which provide the same thing. How can we establish such a precedent?

Mr. CASE of South Dakota. Mr. President—

Mr. CAPEHART. As a practical matter, I come back to what I stated before. We would be much better off in respect to many of these programs if we authorized the Treasury to loan the money, and let the Treasury watch over the loans. If they were not good loans the Treasury could refuse to loan the money. We would be better off doing that than appropriating a billion dollars to an agency and then having the agency spend the money without any control by Congress at all.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. CAPEHART. I will yield in a moment.

I am not so certain that if we set up the proper rules and regulations as to many of these things we would not be better off. Of course, we have to decide whether we want to do these things. I am not arguing the merits or the demerits of any of these projects, whether they are good or bad. Some of them I think are bad, and I would be against them. However, if we are going to do these things, I say we would be better off to have the Treasury loan the money and to have the Treasury control it. The Treasury could be given the right to say, "No; we cannot make the loan." We would be better off following that procedure than we would be appropriating money to an agency and have nobody control it, not even the Congress, after we have appropriated as much as a billion dollars. After we appropriate the billion dollars the agency has a right to go ahead and spend it, in the limited time for which it is appropriated.

I am not so certain we are correct. I am not so certain we are going to save any money. I am not so certain we are going to reduce expenditures by following this procedure. Perhaps we shall.

I will say this: If we are going to do it, let us do it in an orderly way, and let us not do something which may do injury to all of the programs which are now in effect.

If the Senators succeed tonight in reversing the ruling of the Chair, then they can rest assured every one of these authorizations will come up for discussion. The same point of order will be raised

against every one of them, and the Presiding Officer will have to rule the same way, because we cannot treat one of these agencies in one way and another agency in another way.

I am not so certain we want to do this. Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. CAPEHART. I am not arguing whether the \$5 billion program is good or bad, or whether the Development Loan Fund is good or bad. That is not the point at all, to me. The point is, do we want to interfere with the Commodity Credit Corporation, with the Rural Electrification Administration, with the Farmers Home Administration, and with many, many other agencies and projects?

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. CASE of South Dakota. First, let me say with respect to the argument which the Senator has been making, as to the Secretary having discretion, that the Secretary would not have discretion under the language of the bill. The language of the bill provides that the Secretary is authorized and directed to make loans, and so forth. So the Secretary of the Treasury would have no discretion. He could not withhold the loans. He is directed to make loans.

The Senator from Alabama [Mr. SPARKMAN] referred to the extension of the Capehart housing program by the amendment I offered to the military bill. As the Senator very well knows, this portion of the Housing Act was not before us, and the RECORD will show that the Senator from South Dakota, on other occasions, has raised this question with respect to the device of taking money from the Treasury through the back door by drawing it out through a loan program. On one occasion I am sure I participated in the debate when the question was raised by the Senator from Virginia [Mr. ROBERTSON]. I took the same position then.

I am not opposed to this program. I am not opposed to the loan program. The Senator from Arkansas has made a constructive approach to the foreign aid program, providing that more of it should go into loans, but I still believe that money going into the loan fund should be subject to review by the Appropriations Committee on an annual basis.

Mr. CAPEHART. I did not intend to say that this particular program would permit the Secretary of the Treasury to turn down loans. What I said was that we should have a resolution, to be referred to the Committee on Rules and Administration, under which we would give study to the idea of giving to the Secretary of the Treasury power and authority to turn down loans, and to make certain that the money is being properly spent. Under that sort of procedure we might have a more businesslike management of funds than we would have by appropriating a flat \$1 billion or \$500 million to an agency to spend as it sees fit. Let us establish a system applying to all these programs, and give the Secretary of the Treasury the authority to supervise them and operate them, and make sure that bad loans are not made,

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. FULBRIGHT. I merely wish to endorse the suggestion that a question of this importance, which affects so many programs, ought not to be decided in connection with this kind of bill, which, as the Senator knows, has many limitations and difficulties. The only businesslike way is to proceed as the Senator from Indiana has suggested. The question should be submitted to the Committee on Rules and Administration, and should receive the consideration which we give to other important subjects.

Mr. CAPEHART. Mr. President, I think the time is long past when we should have adopted such a rule. For many years Congress has been permitting agencies to borrow money from the Treasury without any specific set of rules. I think we should have a set of rules governing this sort of activity.

I still say that, as a practical matter, we would get better management and save money in connection with many programs if we were to adopt the procedure of permitting the Secretary of the Treasury to lend money, provided he could control it. We ought to give him authority to control it. He would not have such authority under this bill. The way the bill is written, he would not have any control over the money. I am talking about the general procedure. There should be a rule under which the Secretary would control the money.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. HOLLAND. I note that the distinguished Senator from Indiana is worried about other programs. I wish to discuss that question for a moment.

Let us take the matter of direct loans to veterans. That measure passed the Senate by a unanimous vote, and was approved by the President only the other day. Can the Senator envisage any other Senator rising and making a point of order against such a bill? Or if he did raise the point of order, can the Senator envisage anything less than two-thirds of the Senate overriding the point of order, in order that the agency might proceed to carry on a program which is so vital?

So it is with any other program which commends itself to the vast majority of Members of the Senate and of the House. The point is that by mere acquiescence and going along with programs of that kind, the Senate has not surrendered its authority and its right to rely upon its rules, and to handle an appropriation bill, under the terms of the Constitution, as any other bill which provides that money shall be drawn from the Treasury is handled.

Mr. CAPEHART. Is not money drawn when it is borrowed, if the Congress authorizes it, whether it is an appropriation or loan?

Mr. HOLLAND. Does the Senator think money is not drawn from the Treasury under the bill when \$1 billion is withdrawn and loaned in a certain way?

Mr. CAPEHART. I am only talking about the general principle. I think we

should tighten the rules. It may well be that we should never permit the Secretary of the Treasury to lend any money, or authorize him to do so. I am not arguing that point. I am saying that here tonight, without any hearings, and without any resolution, it is proposed that we say, in connection with one program, "You cannot do it," when I have read into the RECORD a list of 15 or 20 programs in connection with which we are doing it.

What is there about the principle involved which is bad in this instance, but good in some other case, in permitting the Treasury to lend money for interest? If it is good for one program, it is good for another. If it is wrong for one program, it is wrong for another.

I am not arguing the point as to whether the practice is good or bad. If I were operating the program as a businessman, I would control the money that was to be expended, if I ever expected to get it back. I would inform my treasurer that I expected to get it back, in the form of repayment of loans, and give him authority to lend it from day to day, as needed, and I could stop him any day I so desired.

Bank directors control the expenditures of money, but when it comes to the lending of money, that is left to the cashier or someone else in the bank, because they know that the bank will get the money back. I think we would have much better control over the money if we were to adopt some good rules and regulations.

Mr. HOLLAND. Some Senators who are most adamant in their insistence that the point of order be sustained have shown by their votes heretofore in connection with the supplemental bill, both in committee and on the floor of the Senate, that they favor the Development Loan Fund. I invite the attention of my distinguished friends from Arkansas and Indiana to the fact that they are jeopardizing votes on the passage of anything in this field if they insist upon a measure which seeks to take away the responsibility of Congress in a matter so far-reaching as this, and applying to \$5 billion, and as much of that sum as may be paid back into the revolving fund.

Mr. CAPEHART. Why did not the Senator take the same position with respect to the Export-Import Bank?

Mr. HOLLAND. Because I believe in the Export-Import Bank as a soundly run institution over which we exercise frequent jurisdiction.

Mr. CAPEHART. That is just the point.

Mr. HOLLAND. But I do not believe in an unregulated, unsupervised program. I am saying to my friends who, I believe, are sold on this program, that they are alienating the votes of Senators who are just as interested in the program as they are, by insisting upon such an unsound and improper handling of the appropriations.

Mr. CAPEHART. The question never entered my mind as to whether we would win or lose. I may very well vote against the proposal. I have probably voted against the foreign aid bill more times than has any other Senator. I am not

arguing that point. I am simply saying that we may jeopardize many of the programs if we establish a precedent by overriding the ruling of the Chair tonight. If the ruling of the Chair should not be sustained, in the future when any Senator raises a point of order in a similar situation, the Chair would almost have to rule in his favor.

Mr. HUMPHREY. Mr. President, it is quite obvious from the tenor of the debate and the comments made by very sincere men, men who in the past have supported the Mutual Security Act and the Development Loan Fund, as well as Senators who have been opposed to it, and have exercised their right of opposition, that there is involved a very serious question of the rules of the Senate and their application to the current matter of the Development Loan Fund. There is required a very complete and careful study and survey. It will be necessary during this debate to engage in that kind of analysis.

I do not pretend to be an expert on Senate rules. I have read and studied them; but there are many precedents, reaching back through the years, which one would have to study if he were to make a complete statement as to the rules of the Senate and their application.

However, I cite again for the RECORD the rules as they appear, at least, on the surface, without going into the many rulings which have been made throughout the years under the rules of the Senate.

What is the jurisdiction of the Appropriations Committee, and from whence is it derived? Obviously it must be derived from the Constitution, because the Congress cannot do anything which the Constitution forbids; nor can the Congress do anything unless the Constitution permits it.

What is the language relating to the matter of appropriations by the Congress? It is found in article I of the Constitution, relating to the powers of the Congress:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

It so happens that the two words "by law" have been somewhat excluded from this debate. The language does not say "appropriations made by Appropriations Act." It does not say "appropriations made through the process of the Committee on Appropriations." It says "appropriations made by law."

For 75 years this country operated without an appropriations committee, and some pretty good men were running the country. As a matter of fact, Daniel Webster, for example, served in the U.S. Senate as a distinguished statesman of the Nation, and there was no Committee on Appropriations. The Nation was able to engage in the War of 1812 and the Mexican War and to carry on the defense of our country without the authority of the Committee on Appropriations. Moneys were appropriated by law.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CHURCH. Would not the Senator from Minnesota agree that the provision of the Constitution which he has quoted—"no money shall be drawn from the Treasury but in consequence of appropriations made by law"—can be understood only if we look to the definition of the term "appropriation"?

Mr. HUMPHREY. The Senator is correct. It was to that point that I was about to move. But I shall be delighted to have the Senator from Idaho speak to it.

Mr. CHURCH. There was some discussion that appropriations meant that particular procedure which we have of late adopted; but, as the Senator from Minnesota has correctly pointed out, has not always obtained in Congress. An appropriation is that money which is drawn from the public Treasury by virtue of a particular procedure whereby the Appropriations Committees of both Houses of Congress act, and this money is drawn pursuant to an enactment of Congress based upon the Appropriations Committee action.

But I suggest that this is not a sound, or even a legal definition of the term "appropriation," because Congress itself has enacted what is meant by the constitutional term "appropriation." By law, Congress itself has clearly defined the full intent of the meaning of that constitutional term. From section 2, title 31, of the United States Code, I read the congressional definition of the constitutional term "appropriation":

The term "appropriations" includes, in appropriate context, funds and authorizations to create obligations by contract in advance of appropriations, or any other authority making funds available for obligation or expenditure.

In other words, Congress itself has said that the constitutional term includes financing through borrowings from the public Treasury. That is what we intend to do in this bill, in full compliance with the Constitution and with what Congress has said the Constitution means. It is in full conformity with the procedure we have already followed in many programs enacted during the past 20 years.

Mr. HUMPHREY. I am grateful to the Senator from Idaho for his precise and very helpful comments, because here again he has defined a term which is relevant to this debate: "Appropriations made by law." The Senator has defined the term "appropriation" not by his own will, not by his own desire, but by statute. The statute makes it clear that appropriations can also mean authorizations. It can mean contract authority.

What is more, this is like the argument as to the number of angels which can dance on the head of a pin. The precedents of history are on the side of the Committee on Foreign Relations. We can have all the lawyers in the country argue this question from now until doomsday, but the Constitution is clear and the precedents of our Government are clear.

This Government was able to conduct its business without the rules of 1946; this Government was able to conduct its

business without either rule XXV or rule XVI, relating to appropriations.

This Government was able to conduct its business for 75 years with the process of appropriations meeting the standard which has just been stated by the Senator from Idaho [Mr. CHURCH], namely, the standard of the statute itself.

Furthermore, the rules of the Senate are very simple as they relate to the power of the Committee on Appropriations.

Mr. CASE of South Dakota. Mr. President, will the Senator yield so that I may ask him a question on this very point?

Mr. HUMPHREY. Let me state the rule; then I shall yield. I read from rule XXV on page 26 of the Senate Manual:

(b) Committee on Appropriations, to consist of 27 Senators, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

1. Appropriation of the revenue for the support of the Government.

That is it.

This particular item relating to the Development Loan Fund does not relate to revenues for the support of the Government; it relates to revenues in a loan fund which are repayable with interest. It can be argued that the loans are no good; that such a policy should never have been adopted; that the loans will never be repaid. It can be argued that the interest rates are improper, and that may be an interesting argument within itself. It can be argued whether a particular country should have obtained a loan. But the truth is that this particular provision of the bill, as outlined under sections 202 and 203 of the Development Loan Fund provisions of the bill, relates not to the operations of the Government, but relates to a particular activity of the Government which is directed toward the security of the United States, the loans being repayable with interest to the Government of the United States.

I now yield to the Senator from South Dakota.

In the thinking of the Senator from South Dakota, the definition of "appropriations," which the Senator from Idaho read, adds to the strength of the position taken by me in making the point of order. The various devices for drawing money from the Treasury are methods of appropriation. That is my contention. It was never my contention that this method would be invalid if Congress enacted a law to do it. If Congress draws money from the Treasury by the device in this bill or by any of the devices described or set forth in the definition read by the Senator from Idaho, that would be valid. That would be acting by law. But the point is that if it is an appropriation, then it comes under the rule of the Senate relating to appropriations.

I invite the attention of Senators to the manual Senate Procedure, compiled by our distinguished Parliamentarians. On pages 70 and 71 there is a title "Definition of General Appropriation Bills." Under the rules of the Senate,

the jurisdiction over general appropriation bills is given to the Committee on Appropriations. In the section "Definition of General Appropriation Bills" is a list of the bills which are considered to be general appropriation bills. Mutual security is included in the list, since this language requires the Secretary of the Treasury to make the money available to the loan fund. The money is to be drawn from the Treasury. Second, it becomes an appropriation to provide funds for mutual security. It is in that sense that I felt the language in the bill ran afoul of the rules of the Senate.

Mr. DODD. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DODD. I should like to join in the statement being made by the Senator from Minnesota and to make an observation. It seems to me that we are again engaged in a debate, which has taken place many times previously, over an interpretation of the Constitution. Are we to interpret the language strictly and technically as it appears in the Constitution, or does the language mean, as I think it does, that Congress, through some legal process, must authorize the spending of public moneys? I think the latter is a fair meaning for us to take from the language. It has occurred to me that the language we are arguing about, that no moneys can be withdrawn from the Treasury except through appropriations by law, could not possibly have had the technical meaning which almost two centuries of legislative practice have since imparted.

This brings me to a final observation. Would it not be better for us, if we are faced with a fundamental question of the interpretation of the language, to take whatever time is necessary and proper for interpretation, and not rush to a decision in a matter of a few hours in the Senate tonight?

Mr. HUMPHREY. The Senator is entirely correct.

Mr. DODD. That is why I voted as I did to sustain the Chair. I think we would be better off if we did so. If indeed there is a great dispute among us, even among the people of the country, this is not the hour or the place or the manner in which to resolve it.

Mr. HUMPHREY. I respond to the Senator from Connecticut by saying, first, that with his usual wisdom and perception he has gone right to the point at issue. Second, he has given to the Senate a wise and prudent observation and caution. It seems to me we ought not to rush pellmell, particularly tonight, for there are many of us, I may add most respectfully, who would like to do a little homework on this subject. We have competent technicians in the library of the Senate, on the staffs of committees, and on our own staffs; and some of us ourselves, I feel, might be able to do a little more homework on the subject. I believe that what we need is a little time for careful, thoughtful consideration. My only point in rising tonight was to state a few observations which have been going through my mind, as they did in committee. We in the committee did not rush into this

matter pellmell. It was debated and argued. But again, because of the opposite interpretation which has been placed on both the Constitution and the rules of the Senate, I think the Senator from Connecticut has made a very worthwhile suggestion.

Mr. AIKEN. Mr. President, I should like permission to ask a question of the Senator from Connecticut, if the Senator from Minnesota will yield for that purpose.

Mr. HUMPHREY. I yield.

Mr. AIKEN. As I understand, the prohibition to withdraw money from the Treasury was intended to prevent the Treasurer from withdrawing money from the Treasury without proper authorization from Congress for such purposes as it was intended to be withdrawn.

Mr. DODD. That is precisely my understanding.

Mr. AIKEN. That is not the situation as I have heard it presented here.

Mr. DODD. I do not think the framers of the Constitution intended to place a restricted interpretation on it. The statement made in the Constitution is a general statement, as the Senator from Vermont has well pointed out.

Mr. AIKEN. Yes.

I think if we take the trouble to call the proper authorities, we shall find that the situation is as presented by the Senator from Connecticut.

Mr. HUMPHREY. Mr. President, I should like to make a few other observations. I realize that other Senators wish to speak. But for the purpose of preserving the continuity of my remarks, I shall speak a little further at this time.

Mr. President, the issue is one of technicalities only. The question is not whether the Senate rule is to be sustained or is not to be sustained or whether the provision of the bill in question is constitutional or is unconstitutional. The provision in question, which is included in the bill as reported by the committee, is within the Senate rules and surely is keeping with the history and the tradition of the United States and surely is within the meaning and the intent of the Constitution.

Then what is the issue? It is simply this: Is the method now proposed the way by which Senators wish to appropriate funds or make funds available for the Development Loan Fund program? Do Senators wish the matter to be handled on a continuing basis, through the use of public debt transactions; or do Senators wish the fund to be capitalized through the process of appropriations. That is the issue.

Interestingly enough, Mr. President, all the legal arguments to the contrary, Senators who tonight are questioning on the basis of a technical point in regard to the Senate rules, on the basis of a technical point in connection with the authority of the Appropriations Committee, have voted again and again in the past—the same Senators—to provide the Commodity Credit Corporation with authority to borrow billions of dollars—billions—from the Treasury of the United States.

Let me say to my friends from rural America that the entire Public Law 480

program is predicated upon borrowing authority, not the appropriations process; and every year the Congress renews that particular authority.

Mr. President, the record has already been made quite complete—the vast number of activities of the Government of the United States that, for lack of a better word, bypass the Appropriations Committee, but fulfill the specific requirement of the Constitution that moneys be made available by law.

So it is obvious that sometimes Senators wish to have the rule strictly interpreted and applied if they do not like the program under consideration; and sometimes Senators wish to have the rule interpreted and applied very loosely, when they do like the program under consideration.

It seems to me that we must make up our minds about what we are going to do in such cases.

The only question before us is whether a better job can be done in connection with a foreign aid program by providing for a 5-year extension of borrowing authority or whether a better job can be done by providing for separate annual appropriations. That is the question; that is the issue.

It is my view—and this is why in the committee I voted for this provision—that the American taxpayers will receive more, dollar for dollar, from a 5-year program, such as the one provided for in the pending bill, than they will receive by means of the year-by-year authorization and appropriation process.

I believe that when the Development Loan Fund works on the basis of borrowed capital, every loan will be more carefully scrutinized in terms of both the political interest involved and the collateral involved. It is my view that the present program of yearly appropriations has been wasteful and has cost the American taxpayers hundreds of millions of dollars more than it should. A program that takes on aspects of a banking enterprise should be based on banking principles.

If the Export-Import Bank borrows funds from the Treasury—and that is the way that Bank obtains its funds—then the Development Loan Fund, which is, in effect, a kindred soul, as compared with the Export-Import Bank, should be able to use similar borrowing authority. Loans which the Export-Import Bank does not make may be made by the Development Loan Fund. Both of them serve a very vital function in connection with the needs in the world for capital.

On that basis, I believe we shall do well to follow, not only the judgment of the Foreign Relations Committee, but also the judgment of private organizations, eminent economists, eminent bankers, and eminent Foreign Service officers. They have come before our committee by the dozens and have urged us, in the name of good government, sound finance, and sound foreign policy, to provide a long-term development loan authority such as is provided for in the bill before us, on the basis of the committee's recommendation. Without it, I think the program would be seriously weakened. But with it, I think the pro-

gram will be given a chance to do its job and to be a paying proposition.

Mr. President, tomorrow I shall speak on the technical aspects of the matter. Tonight I merely wish to state my views.

I say frankly that if ultimately the question is resolved on the basis that the appropriations process must be used each and every time, then every Member of the Senate should be on guard, because the one sure way to kill the price support program is to place it on the basis of yearly appropriations—in view of our knowledge of the number of votes in behalf of the farmer that are available among the Members of Congress. The one way the farmer has a chance to have orderly marketing is through the funds available to the Commodity Credit Corporation. I can visualize Members of Congress who have opposed price supports finding a new weapon and a new club to kill them off—how? By stopping the Commodity Credit Corporation from functioning as a continuing body.

There are Members who would like to stop the making of direct loans to veterans for housing. Let me state that one way to do that would be to prohibit public debt transactions.

If the decision of the Chair is not sustained, a Pandora's box of trouble will be opened up, not only in the case of the program now being dealt with by the Senate, but in the case of many other programs.

Mr. MORSE. Mr. President—

Mr. HUMPHREY. I yield.

Mr. MORSE. Mr. President, I wish to obtain the floor in my own right.

Mr. JAVITS. Mr. President, will the Senator from Minnesota yield briefly to me?

Mr. HUMPHREY. I am happy to yield.

Mr. JAVITS. I should like to identify myself with the position that neither legally nor as a matter of policy should Senators vote not to sustain the decision of the Chair.

Mr. President, inasmuch as it is quite possible that this matter will not be decided tonight, I should like to state briefly, for the record, a legal argument in connection with this situation.

We must realize that the Constitution is not at issue. As has been stated, the Senate rule is at issue.

The statement has been made that the Senate rule uses the same language that the Constitution does.

The Constitution provides:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

But when we examine the authority of the Appropriations Committee, we find it on page 26 of the Senate rules, in the following words:

Appropriation—

Not "appropriations"—

of the revenue for the support of the Government.

In other words, as used in the Constitution, there is a limitation which uses the word "appropriations"—in the plural, not in the singular. But the rule uses the word "appropriation"—in the singular, not in the plural.

Furthermore, in rule XVI we find the phrase: "All general appropriation bills."

Again there is a limitation; but it is not the limitation by means of the one word "appropriations," as contained in the constitutional provision; that constitutional provision limitation has not been transposed into the Senate rule.

Therefore, Mr. President, if the ruling of the Chair is not sustained, the result will be, not to interpret the words I have read from the Constitution, but to interpret or construe the words I have read from the Senate rules. If those words are construed as meaning this type of transaction, then every legislative committee will have to surrender its authority to get money in any way except through the Appropriations Committee, and the Congress will have deprived itself of a flexible instrument which alone is able to provide the necessary flexibility.

Furthermore, Mr. President, in that event we shall have given the Appropriations Committee a power it does not have today. For example, let us remember that when a claims bill is passed, the bill does not go to the Appropriations Committee, but the money is paid out of the Treasury, the minute that bill becomes law.

Are we to overturn not only this particular precedent, but the whole method of congressional procedure in such cases?

If the ruling of the Chair is not sustained, the Senate rule will, in practical effect, be amended, and the word "appropriations," as used in the part of the Constitution to which we have referred, will be identified with the word "appropriation" and with the phrase "all general appropriation bills," as used in the Senate rules. If the Senate makes that fatal error, then the Senate will be overreaching itself—the minute it does not sustain the ruling of the Chair, and thus gives the Appropriations Committee authority which it does not have today.

Mr. HUMPHREY. Mr. President, my friend, the Senator from New York, has been most helpful in his interpretation of the legal meaning of the word "appropriation," on the one hand, and the word "appropriations," on the other hand, and also in his interpretation of their interrelation, as between their use in the Constitution and use in the Senate rules.

The Senate should also take into consideration the fact that the forthcoming vote will be the first test vote in the Senate on the subject of the interpretation of the words "appropriation" and "appropriations" and the power of the Appropriations Committee over all matters relating to appropriations.

Mr. JAVITS. That is exactly correct.

Mr. HUMPHREY. This matter has previously been before the Senate, but never before has been forced to a test vote. In fact, when we consult the CONGRESSIONAL RECORD for June 9, 1958, we find that on that date the junior Senator from Virginia [Mr. ROBERTSON] raised a point of order during consideration of the Small Business Investment Act in regard to the \$250 million revolving fund to be obtained by the Small

Business Administration by borrowing from the Department of the Treasury rather than through the appropriations process.

The identical argument is taking place tonight as took place on June 9, 1958. That argument was not drawn to a conclusion, because the Senator from Virginia, as the RECORD will reveal, withdrew his point of order. The argument of the Senator from Virginia was brilliantly answered by the Senator from Arkansas [Mr. FULBRIGHT]. The statement of the Senator from Arkansas is in the RECORD of June 9, 1958, at page 10516 and I am hopeful every Member of the Senate will read that statement tonight, because it is in itself a brief on the issue relating to the Senate rules, the application of the rules, the powers of the Appropriations Committee, and the powers of Congress to make available moneys without going through the Appropriations Committee process. Mind you, Mr. President, if we vote to overrule the ruling of the Chair on this issue, we shall have established a precedent in this body which can be seized upon at any time, upon any other matter.

I wish to warn every friend of agriculture in this Chamber—and there are a few left—and I will tell every farmer in America, the sure way we can drive the dagger into the back of the price support program is to deny the Commodity Credit Corporation the power it has today to borrow from the Treasury for price support operations.

Once the precedent is established that we are appropriating money contrary to the rules of the Senate, and that we require that the matter must be referred to the Appropriations Committee, every law of the land in which there is lending authority for the operation of that law will be subject to the same point of order.

The precedent will be on the side of the person who makes the point of order, and all programs which involve loans, such as TVA, the Defense Production Act program, the Commodity Credit Corporation program, Public Law 480 transactions, and the Small Business Administration loan program, to name but a few, will all be subject to a point of order.

Make no mistake about it, once the victory has been won of overruling the Chair on this question, I can plainly see the days ahead when there will be other efforts made to seize upon this precedent and to literally weaken, remove or destroy program after program, in the name of a Senate rule which up until this date, may I remind my colleagues, has not been applied according to the position of the Senator from South Dakota, in one appeal from the ruling of the Chair.

Mr. President, I again admonish my colleagues that rule XXV and rule XVI were made in full cognizance, in full understanding, and in full realization of all the actions of Congress.

Rules XVI and XXV do not say the Congress of the United States cannot authorize the expenditure of money or make money available directly from the Treasury of the United States. They do

not say the Congress of the United States has to go through the Appropriations Committees for every appropriation. Rule XXV and rule XVI were written in 1946, under the La Follette-Monroney Act, which rules took into consideration the powers of committees other than the Appropriations Committees to act upon claims, which has been referred to by the Senator from New York. In the present Committee on the Judiciary there are claims against the Government of the United States passed upon every week and every month, with no power of the Appropriations Committee referred to.

Mr. President, these are matters which cannot be ignored, and therefore, I hope the Senate will not, because some Senators feel the Development Loan Fund is not a desirable instrumentality, or because the amount provided is too much, or because they just do not like foreign aid, establish a precedent which can be seized upon later on.

And mark my word, Mr. President, and I will exclude all present Members of this body, I know none of them would seize upon such a precedent; I know they are desirous that the Commodity Credit Corporation activities will continue. I also know in the days to come somebody will point to the action the Senate took in this 1st session of the 86th Congress. What we do on this particular question may well determine the future course of programs such as housing projects, veterans' projects, and farm projects; and I for one am not going to lend my voice or my vote to any kind of action on appeal which will limit the Government of the United States in these and other worthy areas.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. The Senator has stated that he is concerned about the future, but that, of course, no present Member of the Senate would do this. Does the Senator really mean that no present Member of the Senate would do it?

Mr. HUMPHREY. The Senator from Minnesota likes to give the benefit of the doubt to everyone, and the benefit of whatever blessing he might be able to obtain.

Mr. DOUGLAS. The Senator from Minnesota is not ordinarily such a naive man. Why is he so naive in this matter?

Mr. HUMPHREY. The Senator from Minnesota's heart is filled with generosity in the matter of general discussion, if not in worldly goods.

Mr. DOUGLAS. I can think of present Members of the Senate who would use this means to wreck worthwhile programs.

Mr. HUMPHREY. I always believe in reason and persuasion, and if it cannot be done through reason and persuasion, sometimes through good fellowship the Senator can get his brethren to go along. I appeal to each and every one, in the name of good fellowship and charity to come along on this program.

Mr. CHURCH. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I wanted to yield the floor, but I am happy to yield for a question. I understand the Senator from Oregon wishes to speak.

Mr. CHURCH. I only want to say a word in elaboration of the point made by the Senator from Minnesota and the Senator from New York, that the effect of overruling the ruling of the Chair would be to expand greatly the authority of the Appropriations Committees.

I have in mind three bills which have been reported to the Senate by the distinguished Senator from Mississippi [Mr. EASTLAND] from the Judiciary Committee. These bills are in the form of private relief, and authorize and direct the Treasury to make certain payments to individual persons.

The first bill is H.R. 1547. It is an act for the relief of T. Sgt. Walter Casey. The first sentence of the bill reads:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed—

Mr. HUMPHREY. Would the Senator read those words again?

Mr. CHURCH—

That the Secretary of the Treasury is authorized and directed—

Mr. HUMPHREY. Underscore the word "directed"—

Mr. CHURCH—

and directed to pay, out of any money in the Treasury not otherwise appropriated, to T. Sgt. Walter Casey, 608170, U.S. Marine Corps, of North Andover, Mass., the sum of \$270.02.

The next is H.R. 2065, an act for the relief of Arthur J. Dettmers, Jr. It reads:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated the sum of \$7,776.03 to Arthur J. Dettmers, Jr.

The third is H.R. 322, an act for the relief of Monmouth County, N.J., which reads:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$11,806.73.

These are just three of many hundreds of bills passed in every session of Congress which call for the expenditure of money out of the Public Treasury.

I ask the Senator from Minnesota, Is it necessary, before this money is withdrawn from the Treasury and spent, for the Appropriations Committee to act upon these matters in separate bills and authorize the Treasury through a separate appropriation to implement these bills?

Mr. HUMPHREY. The Senator, I am sure, knows that the authorization of such bills directs the Secretary of the Treasury to pay those moneys, and it is an explicit mandate from the Congress to take explicit action on a precise matter.

Mr. CHURCH. Does not it follow that this is just another instance where the impact of a decision on the part of the Senate to overrule the ruling of the Chair may logically have the effect of expanding the jurisdiction and authority of the Appropriations Committee, and therefore it could trespass upon prerogatives which have long been those of legislative committees of the Senate?

Mr. HUMPHREY. That is my position.

Mr. CHURCH. I think before we take a step which can have such far-reaching and subtle ramifications, we had best take a long and expert look at what we are doing. Let us not permit our misgivings about the bill under consideration to lead us to establish a precedent which can extend through the entire fabric of our legislative procedures and which can have a lasting and devastating effect on the prerogatives and authority of legislative committees.

Mr. HUMPHREY. The Senator has made his point, and made it well. I want to underscore what he has said. We are going to establish a precedent, because this will be the first decision on the first appeal from the ruling of the Chair. There have been times when we came almost to the point of decision, as we did June 9, 1958, on the Small Business Investment Act, but the junior Senator from Virginia [Mr. ROBERTSON] withdrew his point of order prior to the vote.

This will be the first time for decision, according to the distinguished Parliamentarian. It will be the first time we will make this kind of judgment. That is why men of prudent and sound judgment have urged that we take our time tonight and not rush pellmell into taking action. We should make a good, careful, objective decision.

Mr. President, I yield the floor.

LIVING IN A WORLD OF NEIGHBORS

During the consideration of the Mutual Security Act of 1959,

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, earlier today it was my privilege to address the annual convention of Lions International in New York City. Approximately 30,000 members of that organization, including several hundred loyal and lusty members from Texas, I will say to the eminent majority leader, are in attendance.

Mr. HUMPHREY. There was a delegation from Minnesota, I will add.

Mr. RANDOLPH. Yes, a distinguished delegation from Minnesota was present. These Lions and their ladies came from 99 counties. Lionism embraces some 600,000 members. West Virginia was well represented, and I am happy to report that Dudley Simms of our State, was president of Lions during the year just ending. His leadership was outstanding.

Mr. President, what was the overriding issue of this great convention, now in progress? It is the cause of peace

and whether we can search for the programs by which we can learn to live together as neighbors in a constantly shrinking world.

Mr. President, I brought the greetings to the convention from upwards of 200 Members of the U.S. Congress who belong to Lions International. This organization is the largest service group in the world. Its members are dedicated to understanding and good will, withal continuing to be realistic in this troubled era in which we live.

Mr. CANNON. Mr. President, I wish to add that the distinguished Senator from West Virginia told of his visit with the great Service Organization of Lions International today, at its convention in New York, and of the desire for peace and understanding among men and nations.

Mr. President, the Senator from West Virginia has an outstanding record of service through Lions International of more than 35 years as an active member, having also served as district governor of the West Virginia clubs, and being now an international counsellor.

Mr. President, as an international counsellor myself and a former chairman of the council of governors of district 4, California-Nevada, I wish to associate myself with his excellent remarks and ask unanimous consent that the splendid speech given by the able Senator from West Virginia at the 42d annual convention of Lions International in New York City this date be printed at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

LIVING IN A WORLD OF NEIGHBORS

Address by Senator JENNINGS RANDOLPH, Democrat, West Virginia, to the annual convention of Lions International, Madison Square Garden, New York, N.Y., July 1, 1959

President Dudley Simms, members of Lions International, ladies and gentlemen, I am deeply grateful for the opportunity to address such a significant gathering of citizens and guests from all sections of the United States and other lands. Because of the truly international character of the fellowship of Lionism, I bring to you today the consideration of the one issue that is paramount to us all—the striving for a world of peace.

This is an issue which will not wait until tomorrow. For this is the first time in human history that there may be no tomorrow. The mind recoils, and the imagination shrinks at the prospect of a war which would annihilate civilization and destroy much if not most of the life of this planet.

Yet, these are the realities of the world in which we live: among the nations of the earth there are 16 million men under arms, at a total cost of \$100 billion a year, almost 8 percent of the gross product of the world.

Today, there are three nations—the United States, Great Britain, and the Soviet Union—which have the nuclear power to destroy civilization. We assume that this nuclear "balance of terror" will prevail upon the commonsense of the leaders of each country not to initiate war.

Now, there are only three nuclear powers. But what of tomorrow? Under the present worldwide industrial revolution, what may we expect for the future? It is reliably estimated that, at the present rate of industrial and technological development, some 15 nations may be in the business of manufacturing nuclear explosives in the next 25 years. And with each additional country the prob-

showing the Senate amendments be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. MORSE. Mr. President, I should like to have the attention of the majority leader, of the minority leader, and of other Senators. I have listened now for quite a few hours to a discussion of a very complicated, highly technical parliamentary point.

Mr. President, in all my years in the Senate I do not recall ever seeing this body more confused and more uncertain as to what are the facts and what are the merits of the debate than it is at this moment. Questions of constitutionality, questions of the interpretation of Federal statutes, and questions of the interpretation of Senate rules have been raised for several hours, with great diversity of opinions on all of them among my colleagues.

Of course, one of our great difficulties is that not a single one of us really has had time to go to the books. Let me say, as an old teacher of law, Mr. President, that we used to have some great discussions in class when some student raised for the first time a novel legal point. Sometimes we used to follow a very bad practice, as I would say as a teacher; the very bad legal practice of giving curbstone opinions. I cannot imagine a worse legal habit on the part of a lawyer than to give curbstone opinions; that is, to give off-the-cuff legal opinions without going to the library. If it is a bad practice for lawyers, it is infinitely worse for Senators.

After having a very interesting discussion in the classroom, I would say, "Now let us, each one of us, go to the library between now and tomorrow morning's class," or "the next week's class period, and come back with the authorities setting forth what is the law."

The Senator from Connecticut [Mr. DODD], the Senator from Idaho [Mr. CHURCH], and the Senator from Minnesota [Mr. HUMPHREY] have, each in his own language, in some way or another, expressed similar points of view. It is perfectly obvious that the Senate needs time first to study the record made today; second, to go to the library; and, third, to give our Parliamentarian the time necessary to prepare a memorandum on this problem.

In my opinion, we owe it to the country. I think we owe it, Mr. President, to a great many programs which now exist under the law in the form of loan programs. We owe it to the history of the Senate, and to this legislative practice which we have followed in the past and undoubtedly will want to follow in the future.

I do not like to perform the role of "Peck's bad boy," Mr. President, but I am convinced that the Senator from Connecticut, the Senator from Idaho, and the Senator from Minnesota are correct in their suggestion that there should be ample time for us to go to the library. Because I have so much on my mind about this subject, it is important that I exercise my rights under the rules of the Senate tonight to assure the Senate it will have time to go to the library.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. MORSE. I will not yield, Mr. President.

Mr. CASE of South Dakota. I was wondering if the Senator could give me time to get a bite to eat.

Mr. MORSE. I did not yield to the Senator from South Dakota, Mr. President, but I have ears, and I wish to assure the Senator from South Dakota he can go to eat, and sleep also. [Laughter.]

It is my hope that the Senator will stay for a while, because I intend to comment on some very interesting constitutional law doctrine the Senator set forth today, in regard to which I think he made a great error.

Mr. CASE of South Dakota. Mr. President, would the Senator permit me to assure him I will read it, if I miss it?

Mr. MORSE. I will not yield to my good friend.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. MORSE. I have been in this position too many times in 15 years, Mr. President, not to know the course of action necessary for complete protection. I must protect myself, because I want to discuss the problem which confronts us.

As a member of the Committee on Foreign Relations, I disagree with many parts of the pending bill. I disagreed with so many parts of the bill that I found it necessary to vote against the bill in committee, and I have filed minority views on the bill.

As I said last night to the chairman of the committee, and earlier today in the course of the debate on the floor of the Senate, I have a great regard for the leadership of the Foreign Relations Committee by the Senator from Arkansas [Mr. FULBRIGHT]. I have a great regard for the dedicated service of each and

every member of the Committee on Foreign Relations of the Senate.

We have worked long and hard on the mutual security bill. It needs some perfecting, and perhaps we can perfect it by way of amendment. But the attack being made on the bill, through what I regard as a great procedural or parliamentary mistake, is not deserved by the Foreign Relations Committee of the Senate or by the chairman of the committee.

SENATE SHOULD ACT ONLY AFTER DELIBERATION

The loan fund approach which the Foreign Relations Committee is making to the great need for reaching hundreds of millions of people in the underdeveloped nations of the world who must be won over to the cause of freedom in the decades ahead if freedom in the world is to survive, is an approach to which each Member of the Senate should devote a great deal of thinking, study, and book work before voting on the issue pending before the Senate.

I well know the position I now occupy on the floor of the Senate, and the opportunity it will give to my critics completely to misinterpret my motivations and purposes.

There are in the Senate Chamber at this very moment several of my colleagues who completely agree with the parliamentary procedure I am now following, and who assure me that I will have their support for whatever period of time is necessary in order to delay a vote on this question until the Senate has time to reflect upon all the implications and consequences of overruling the decision of the Chair.

So I frankly say that in discussing the merits of foreign policy, I shall take long enough to assure Members of the Senate who really want to do their bookwork, who really want to reflect upon this question, ample time to do so. I shall be assisted, I am sure, by other Senators.

Let me say something about the policy question which is involved. In this subject matter the Senate has before it one of the most important major questions of legislative policy to come before it in this session, and possibly for some years to come. If we follow the course which is proposed by those who seek to have us overrule the decision of the Chair—and I am very frank to say that as of this moment I believe they are in the majority—great damage will be done to America's foreign policy program.

That happens to be an individual judgment, although I know, from my conversations during the past few hours in the Senate Chamber and in the cloakroom, that it is shared by a considerable number of other Senators.

So I have sat here, following consultation with colleague after colleague, in an effort to try to decide what my duty as a Senator is, when I believe that a great mistake would be done if the Senate acted tonight, and great injury to America's foreign policy would be inflicted, which injury might not take place if the Senate had time to reflect upon the problem before it.

My decision was not reached quickly. It was not reached until after I had thought about the question and consulted with colleagues in the Senate for a little more than 3 hours. Many may disagree with my judgment, but I must live with my conscience. I would always have a guilty feeling from a failure to measure up to my responsibilities in the Senate if I did not exercise my rights under the rules to prevent a vote from occurring tonight.

There has been much talk about the rules of the Senate in the past several hours. They have a long and great history. One of those rules involves the right of a Senator to engage in unlimited debate, provided he stays within the rules while he engages in it. I have never been one to hesitate to say openly and frankly, when I consider it my duty in the public interest to delay a vote until there has been ample time for reflection, study, and consideration of the problem, that I would take this floor and hold it. I have done so on several occasions in my 15 years of service in this body. Yet I shall not engage in any practice tonight that I have not engaged in before. Accordingly, let me frankly tell the majority leadership what my course of action is to be.

It is my conclusion that it is my duty, as I see my duty, to prevent what I think would be a great mistake if we were to come to a vote tonight. It is my duty to assure the people of this country that I am willing to stand up on the floor of the Senate and exercise my rights under the unlimited debate rule of the Senate, and to speak long enough to prevent a vote from occurring tonight.

Before going into the merits of the issue itself, let me say to my majority leader that I hope he will canvass sentiment within the Senate, and see whether or not there is a substantial body of Senators who agree with the senior Senator from Oregon that we should not vote tonight.

It is perfectly agreeable to me to vote within a reasonable time on another day, although I think it will require several hours of library research and book work on the part of those of us who feel concerned about the importance of this issue from the standpoint of establishing a precedent in the Senate, before we would be ready for a final vote on this issue.

My majority leader should know that I shall accommodate myself to his wishes in regard to voting on this question at any time after tonight. But let me say to him, goodnaturedly, that he should not ask me to join in any request to vote on it tonight, because I am not prepared to do so. But I am prepared to vote on it after reasonable debate tomorrow or the next day—my good friend, the Senator from Nevada [Mr. CANNON] whispers to me "or Monday."

I suggest to the majority leader—and I hope he and the chairman of the committee [Mr. FULBRIGHT] will pay close attention to what I now say—that this question is so important that we should not have to decide it tonight. Consideration should be given to laying the bill aside until Monday and taking up some other business tomorrow and Friday.

BILL NOT AN EMERGENCY MEASURE

The bill is not of such an emergency nature that it must be passed this week. There is no timetable which requires the passage of the mutual security bill this week. Because there has been raised here a question of policy which is so important, not only to this program, but to other programs which involve the loan approach to their financing, it might very well be that we ought to have a gentleman's agreement among us that we will proceed with this matter on Monday or Tuesday and, in the meantime, take up other matters of business.

Of course, we can have a contest of physical endurance here tonight. There is always an unknown which may change the course of human events, but, subject to some intervention of the unknown of which I am not aware, I want to assure Senators that I have never felt better. I have been engaging in the most healthful exercise for months. Some Senators who have been working with me from time to time during weekends on my Maryland farm could be my witnesses to the fine condition in which I find myself tonight. Is it not really silly for us to get into an endurance contest tonight, when my motivation is sincere and honest, when my motivation is simply a desire to exercise my rights under the rules to assure the people of the country that the Senate took enough time to go to the Library for some research on a very important problem?

So I hope that the leadership, both the majority and the minority, will canvass the Senate. If the discussions are held which are usually held when I am on the receiving end in the cloakroom, and someone else is holding the floor, and the leadership comes to me and says, "WAYNE, of course, we can hold him on the floor if you want him to continue; we can make him talk all night; he will do it, and in the long run you

will not save any time; but we could work out an arrangement by which time on another day could be set for a vote on the question." It has always been my policy to respect the right and prerogative of a colleague in the Senate to exercise his privilege of unlimited debate for that period of time which is necessary to prevent what he, after due consideration, has concluded is hasty action in the Senate.

We talk about the Senate being a great deliberative body. I propose to demonstrate how deliberative it is, in the interest of preventing what would be undue haste on the part of the Senate with regard to a matter of serious importance to all the people of the Nation. Therefore, I am willing to assume all responsibility for this course of action, although, if it becomes necessary to continue the debate that long, the country will understand that the senior Senator from Oregon does not stand here alone in his belief that no vote should be taken tonight.

So I have served my notice on the leadership, for whom I have the greatest of respect. I cannot speak for the leadership, but I am certain my course of action is no surprise to the leadership. I shall always be proud to point to the fact that I was willing to exercise my rights tonight in order to prevent what would be a great mistake if we went to a vote tonight. The mistake still may be committed after there has been time for study and deliberation, but if so, it will not be for lack of such study and deliberation.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. MORSE. I will yield with the understanding that my yielding will be either for a question, and a question only, or with the understanding that if I yield for anything except a question, unanimous consent first be granted, that by so yielding I will not lose my right to the floor.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Oregon may yield with the understanding that he will not lose his right to the floor, so that I may propound a unanimous-consent request.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I have listened with a great deal of interest to the very excellent statement made by the senior Senator from Oregon. I think there is much merit in what he has to say. I do not think it would be in the best interests of the Senate or the country to act hastily tonight on this very important appeal from the decision of the Chair.

I do not always find myself in agreement with the senior Senator from Oregon, but I assure him I am in complete agreement with what he has said about the necessity of giving careful consideration to this entire matter.

Mr. MORSE. Under the same arrangement, Mr. President, the Senator from Texas would be surprised if he saw some of the statistics which I saw the other day as to how frequently the Senator from Texas and I do agree on votes in the Senate. But that is all I want to say.

Mr. JOHNSON of Texas. I thank the Senator from Oregon. I am not sure that that would be of benefit to either one of us.

I am always pleased when I can find myself in agreement with the Senator from Oregon or any others of my colleagues in the Senate.

This is what I think all Senators ought to know. A good many of our colleagues have made plans to leave the city tomorrow evening. They have speaking engagements on Saturday and over the weekend in their States. We had previously announced, several days ago, that we would convene early and stay late this week, in the hope that we could complete action on this measure, because our colleagues in the House are standing by, waiting to mark up the appropriation bill which must follow our action on this bill and must follow a conference of some duration.

I have talked with the minority leader and with other Senators who voted earlier today on the motion to table. I believe that after a reasonable amount of discussion tomorrow on the decision of the Chair, most Senators will be ready to vote. Therefore, it is my hope that we can arrange a vote before a goodly number of Senators leave the city.

We do not have any other bills which are ready to be called up. The TVA bill is scheduled to follow the completion of action on this bill, but it is still in the committee. All Senators had been notified to make their plans to be in attendance on the Senate on Thursday night and possibly Friday night to act on the proposed legislation. That was before we had anticipated the point of order raised by the Senator from South Dakota [Mr. CASE].

Earlier in the day the Senator from South Dakota indicated that he would probably withdraw his point of order. I had told him he would have been permitted to do that. I think that upon reconsideration he decided he should press the point of order.

I hope that if we follow the suggestion of the Senator from Oregon and go over this evening until tomorrow morning, it will be possible, after some discussion, to resolve this question satisfactorily. Therefore, I express the hope that there will be no votes this evening; that the Senate will convene tomorrow morning

at 10 o'clock; that there be at least 2 hours to discuss the appeal, if Senators desire that much time; that that time be equally divided between the majority leader and the minority leader; and that at the conclusion of the 2 hours the Senate pass upon the merits of the question of the Chair's decision.

If that could be done, then I think we could dispose of this matter and then proceed to consider amendments to the bill. By staying late tomorrow evening, perhaps we could finish action on the bill. If not, we can certainly finish action on the bill on Friday at an early enough hour to permit Senators to keep their engagements in their States on Saturday.

I do not want to be obstinate. I anticipate being here over the week end. I have no plans which require my presence anywhere else. But a good many Senators do have such plans. I am being pressed, as I was last week. It was very difficult for me to ask the Senate to stay in session when so many Senators were absent; but I was fearful of the awesome responsibility which confronted me. I was fearful that we might not get the tax extension bill to the White House for signature in time, and that there might be a lapse in the excise taxes.

In this instance, I am fearful if action on this bill is deferred until next week, it will be the latter part of the week before the bill is passed, and we will then be preventing our colleagues in the House from marking up the appropriation bill.

In addition, much other important proposed legislation is scheduled to come before the Senate.

Today, the Senate Appropriations Subcommittee reported to the full Appropriations Committee the Defense Department appropriation bill in a total amount of several hundred million dollars above the budget estimate. That bill will require a great deal of debate; but it will not be available for consideration in the Senate until after the full Appropriations Committee acts on the bill on Monday or Tuesday. Under the 3-day rule, after the full committee reports the bill to the Senate, the bill will have to lie over for 3 days—which will mean until late in that week, at least.

So, Mr. President, if the Senate is to avoid remaining in session until October or November, it will be necessary to make considerable progress.

I wonder whether Senators will be willing to have the Senate remain in session tonight for as late as any Senator may care to debate this bill or any other bill, and to have the Senate convene at 10 a.m. tomorrow, and, following the morning hour, to have 2 hours allotted for debate on the question of sustaining the appeal from the decision of the Chair, and at the end of that time to have the vote on that question taken, and then to have the Senate proceed

with the other portions of the bill; and if unanimous-consent agreements can be obtained in regard to the remaining portions, we shall obtain them.

The Senator from Louisiana [Mr. ELLENDER] is very much interested in the bill; and he does not want a unanimous-consent agreement entered except as to the appeal from the decision of the Chair.

Therefore, Mr. President, I propose that at the conclusion of its business today, the Senate adjourn until tomorrow, at 10 a.m.; that on tomorrow, following the morning hour, 2 hours be allotted for debate on the question of whether the appeal from the ruling of the Chair shall be sustained, with that time to be controlled by the majority leader and the minority leader, respectively; that when that time is either consumed or yielded back, the Senate vote on the question of whether the appeal from the ruling of the Chair shall be sustained; and that then the bill be open to further amendment.

I think such an arrangement would serve the best interests of the country; and I hope it will meet with the agreement of the Senator from Oregon.

Mr. MORSE. Mr. President, although it would rush us somewhat in doing our bookwork, I believe we owe it to the majority leader, the minority leader, the Senate as a whole and the country to stay up as late tonight as necessary in order to get our bookwork done and be ready for the debate tomorrow, following the morning hour. So far as I am concerned, there is no objection to the proposed agreement.

Mr. JAVITS. Mr. President, do the two leaders have any idea what Senators will wish to speak tomorrow?

Mr. JOHNSON of Texas. So far as I am aware, I think the 2 hours proposed will be sufficient. In fact, I believe that under such an allowance, there will be a rather full attendance of Senators.

The proposal I have made is agreeable to the minority leader, and I am very much pleased that it is agreeable to the Senator from Oregon [Mr. MORSE]. If the proposed agreement can be had, I believe it will serve the interests of all of us.

Mr. JAVITS. I think so.

I should like to ask the minority leader whether on tomorrow I may have 5 minutes, in connection with the allotment of time?

Mr. DIRKSEN. Certainly.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement proposed by the Senator from Texas? The Chair hears none, and it is so ordered.

The unanimous-consent agreement, as subsequently reduced to writing, is as follows:

Ordered, That on Thursday, July 2, after the expiration of the morning business, further debate on the appeal from the decision of the Chair on the point of order made

by the Senator from South Dakota [Mr. CASE] shall be limited to 2 hours, to be equally divided and controlled between the majority and minority leaders.

Mr. JOHNSON of Texas. Mr. President, I certainly thank my friend for his cooperation.

Mr. MORSE. Mr. President, I am always happy to accommodate the majority leader, particularly since more often than not tonight we have been in agreement.

But in view of the unanimous-consent agreement, I wish now to speak on the merits of the issue, as I see them, so I shall not have to use any great amount of time tomorrow, when the time will be controlled under the unanimous-consent agreement.

By remaining silent at this time, I would have to confine my remarks on tomorrow to submitting the results of whatever research I may be able to do between now and then.

Of course, Mr. President, as all lawyers realize, curbstone opinions are always dangerous. However, under the circumstances I believe I should proceed at this time.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Oregon yield, provided it is agreed that in doing so he will not lose the floor?

Mr. MORSE. Yes.

Mr. JOHNSON of Texas. I assure my friend that on tomorrow I shall be glad to yield to him any amount of the available time, for any purpose for which he may desire to use time, because I have no doubt that he will use it for a good purpose.

Mr. MORSE. I shall try to avoid the necessity of asking the majority leader to yield time to me on tomorrow. In that way, my colleagues will be able to use the time tomorrow.

I shall speak on the issue tonight, so that on tomorrow other Senators will be able to scan my remarks in the CONGRESSIONAL RECORD.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Oregon give us an estimate of the length of time he will speak tonight?

Mr. MORSE. Thirty or forty minutes.

Mr. JOHNSON of Texas. Mr. President, if the Senator from Oregon will permit me to make a brief statement—

Mr. MORSE. Certainly.

Mr. JOHNSON of Texas. I wish to state that I expect that on tomorrow the vote on the pending question will be taken sometime between noon and 1 p.m. So all Senators should be on notice that this very important question will be voted upon at that time.

Mr. President, I do not think any other question since I have been a Member of the Senate has been more important to the American people than the one now before us.

So I trust that all Senators will be present tomorrow, to hear the debate, and will be prepared to vote according to their conscience.

Mr. MORSE. Mr. President, I wish to reinforce and reiterate some very fine legal arguments which were made during the debate today by the Senator from Idaho [Mr. CHURCH], by the Senator from Arkansas [Mr. FULBRIGHT], and— and although he is not a lawyer, he would get a grade of "A" in any law examination on the point—by the Senator from Vermont [Mr. AIKEN]. The Senator from Minnesota [Mr. HUMPHREY] also made a very brilliant argument both on the questions of law and on the questions of parliamentary rules on this subject matter. I seek only to tie together those arguments in one place in the RECORD, and to add my comments to them.

CONSTITUTIONAL OBJECTION IS INVALID

Mr. President, today there has been a great debate by the Senator from South Dakota [Mr. CASE] and other Senators on the provision of section 9, article I, of the Constitution which reads:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

I found it very difficult to follow the thread of the constitutional law argument of my colleague, who reached the remarkable conclusion that that provision of section 9 of article I of the Constitution prevents the Senate from passing a piece of legislation which authorizes the setting up of a Development Loan Fund directly from the Treasury, and providing for a maximum of \$1 billion of loans a year, for 5 years. As the Senator from Minnesota pointed out, in the arguments of Senators who cited that section of the Constitution, no emphasis was placed on the two interesting words "by law," as they appear at that point in the Constitution.

Mr. President, it is not possible, simply by debate on the floor of the Senate, to repeal a portion of the Constitution by omitting reference to some of its language; that is not the way by which any part of the Constitution may be repealed.

As the Senator from Minnesota pointed out—and I would emphasize it—there simply is no way for the Senate, in the course of its debate, to erase or ignore those two controlling words, insofar as the issue now before the Senate is concerned, in that section of the Constitution, namely, the words "by law," as those words appear in the constitutional provision:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

Not a word of the Constitution requires—and not by any stretch of legal imagination can it by implication be

read into the Constitution—that a development loan fund authorized in a foreign aid bill must necessarily go to the Senate Appropriations Committee as a constitutional requirement.

That is why I was a little at a loss during the debate to ascertain—and I speak respectfully—what "all the shouting" of the opposition was about.

So far as the Constitution is concerned, there is no requirement that the Development Loan Fund, with its direct Treasury operation, must first be approved by the Senate Appropriations Committee. Yet it was interesting to note during the debate how the speakers shifted from the rules of the Senate to the Constitution and then to the precedents of the Senate and then back to the rules of the Senate and then back to the Constitution until they left but a fuzzy forensic blur on the pages of the CONGRESSIONAL RECORD, so far as this question is concerned.

Let me pin down the matter once more. In the Constitution there simply is nothing that requires that the Development Loan Fund in the foreign aid bill now pending before the Senate be approved by the Senate Appropriations Committee. Thus, so far as this argument is concerned, let us set the Constitution over to one side.

Mr. President, we lawyers know that the four controlling words in this part of section 9 of article I of the Constitution, namely, "No money shall be drawn from the Treasury, but in consequence of appropriations made by law," are the words "appropriations" and "made by law."

INTERPRETATION IS ALREADY IN UNITED STATES CODE

The Senator from Idaho was able to do some bookwork while this debate was going on; and what a very good quick job of legal research he did, Mr. President, because he brought to the floor of the Senate the United States Code, titles 26 to 33. He called the attention of the Senate to title 31 of the code, which sets forth the legal definition in connection with money and finance. He read to the Senate what the Congress has defined by law to be the definite meaning of "appropriation."

Now, we all know that it falls within the prerogative of the Congress to enact legislation by way of definition as to the meaning of terms used in the Constitution, with the reserve power of the U.S. Supreme Court to pass judgment on whether or not a legal definition laid down by Congress does violence to the Constitution. And so the Senator from Idaho read the portion of the Federal statute set forth in title 31 of the code, as follows:

The term "appropriation" includes, in appropriate context, funds and authorizations to create obligations by contract in advance of appropriations, or any other authority

making funds available for obligation or expenditure.

Does anybody doubt that a loan creates an obligation? Mr. President, this is so crystal clear that I am at a loss to understand why a dispute has been raised here on the floor of the Senate.

So I ask unanimous consent to have printed in the RECORD section 2 of title 31, dealing with the definition of appropriations, with the footnote references contained in the code.

There being no objection, the extract was ordered to be printed in the RECORD, as follows:

The term "appropriations" includes, in appropriate context, funds and authorizations to create obligations by contract in advance of appropriations, or any other authority making funds available for obligation or expenditure.

AMENDMENTS

1950—Act of September 12, 1950, amended section by adding the definition of "appropriations".

SHORT TITLE

Congress, in enacting sections 18a and 18b of this title, chapter 1A of this title, sections 581b and 581c of this title, and the amendments to this section and sections 11, 14, 16, 22, 23, 24, 581, 581a, and 847 of this title, provided by section 1 of the act of September 12, 1950, that it should be popularly known as the "Budget and Accounting Procedures Act of 1950".

Mr. MORSE. Mr. President, now we note here the legal definition uses the language "'appropriations' includes, in appropriate context"—I repeat, "in appropriate context."

APPLICATION OF STATUTE TO PENDING BILL

Remember the elementary rule of statutory construction that the presumption is there is not surplusage in the statute. That is the presumption. It is rebuttable, but it is pretty hard to rebut, as we lawyers know. The presumption is that every single word found in the legal definition is a word of meaning, not just ink blotched on a piece of paper.

So it says:

The term "appropriations" includes, in appropriate context, funds and authorizations to create obligations by contract in advance of appropriations.

I pause there, and will come back to it in a moment; but I will expound my view as to that meaning.

Do you think, Mr. President, if, upon the passage of this bill, with the Development Loan Fund provision in it, the United States Government entered into a development loan arrangement with Mexico, that arrangement would not be within the meaning of the language of the code that says "to create obligations by contract"? Of course it would. That is what the loan would be. It would be a contractual relationship between the United States and Mexico.

Do you think, Mr. President, that the

language in the definition "in advance of appropriations" is meaningless, is surplusage? Quite to the contrary. It shows very clearly the intention of the lawmaking body. The Congress has defined the word "appropriations" to carry with it the meaning, the power, of the Congress of the United States, by law in accordance with the language of article I, section 9, of the Constitution, to enact legislation creating a contractual loan relationship—to use my hypothetical case—between the United States and Mexico.

Not a word, by way of a definitive legal requirement, that it cannot be done until the Appropriations Committee of the U.S. Senate puts its OK on it. Why not, Mr. President? Because by definition we have said, as a matter of law, that the word "appropriations," which is the controlling word in the Constitution so far as this particular point is concerned, under article I, section 9, includes "in appropriate context."

And what is the "appropriate context" in this instance? It is that section of the bill pending before the Senate which seeks to set up a development loan authorization, authorizing the executive branch of the Government to enter into contractual relationships, and to do it in advance of appropriations.

But, Mr. President, notice the other language of this definitive section: or any other authority making funds available for obligations or expenditure.

The Senator from Idaho [Mr. CHURCH] tied this down in a most brilliant fashion in his argument here when he supported his argument with a series of examples of existing policies of expenditure of Federal funds which do not go to the Appropriations Committee.

To illustrate his point, he called attention to three bills which set forth the procedure, known as claim payments, which Congress passes by the hundreds session by session. In each claim bill as the Senator from Idaho pointed out, the language is contained: "Is authorized and directed." "Is authorized and directed to draw upon the Treasury of the United States" such and such an amount as set forth in the claim bill. There is no language that the Appropriations Committee has to pass upon it.

Is it to be argued, under the point of order raised by our opposition in this debate, if the Chair is overruled in the position the Chair has taken, that we can no longer pass claim bills in the Senate of the United States without first getting the Appropriations Committee to specifically appropriate the funds?

RIGHTFUL JURISDICTION OF APPROPRIATIONS COMMITTEE

Mr. President, I have been heard to say before on the floor of the Senate—and I speak most respectfully about the

Appropriations Committee, for it is an entirely impersonal matter—that during the past several years, there has been a growing trend in the Senate for the Appropriations Committee to encroach upon the legislative powers, the policy-making powers, of legislative committees. Of course, Mr. President, if we applied the view of the opposition here to claims bills, we would to all intents and purposes be turning the Appropriations Committee into a super legislative committee in the field of claims.

It is important that the Appropriations Committee protect its legitimate powers and jurisdiction. I would do so if I were a member of the Committee on Appropriations.

Likewise, Mr. President, it is the duty of members of the Committee on Foreign Relations to protect the jurisdiction, prerogatives, and legislative powers of the Committee on Foreign Relations. As a member of that committee I say, most respectfully, that if the Appropriations Committee is allowed to get by with the position which many of its members have taken on the floor of the Senate today in regard to this procedural point, the Senate will, in effect and in fact, be divesting the Committee on Foreign Relations of legislative prerogatives and will be passing its legislative power over to the Appropriations Committee.

ISSUE SHOULD BE RESOLVED BY RULES COMMITTEE

That is why I suggested in some of our discussions in the cloakroom, as some of my colleagues can bear witness that this matter is of such vital importance to the procedure of the Senate that it probably would be best to have the whole bill set aside until our own Committee on Rules and Administration can go into the problem.

When a jurisdictional dispute arises in the Senate between two committees in regard to jurisdiction or in regard to the exercise of claimed prerogatives, what body in the Senate has jurisdiction in the first instance to try to resolve that dispute? It is the Committee on Rules and Administration.

So I said earlier this afternoon, when this matter first arose, why should we take all this time now to thrash it out? Why should we not lay it aside for the period of time necessary to have the Committee on Rules and Administration go into the matter? But another course of action was decided upon, and because it was decided upon, it is important for the historic record for this argument to be made about it now.

If we make any other interpretation than the one I have been giving thus far in my argument, Mr. President, we will be following a course of action which I think is quite inconsistent with the legal definition of appropriations, as set forth in the code from which I have read, and to all intents and purposes we will be narrowing the jurisdiction of the Com-

mittee on Foreign Relations on legislative matters and giving it to the Appropriations Committee. I respectfully say that this is authority which the Appropriations Committee in fact does not possess, because it would be jurisdiction over the determination of legislative policy.

I summarize this part of my argument by saying, Mr. President, that under the Constitution, the controlling language of article I, section 9 is "appropriations made by law."

We are talking about a Development Loan Fund to be established by law through the pending bill. The word "appropriations" as used in article I, section 9 of the Constitution must be considered as binding, Mr. President, until some court, at least—and no court yet has—decrees that the legal definition set forth in the code does violence to the constitutional meaning of appropriations. Until that happens, the legal definition which the Senator from Idaho [Mr. CHURCH] read to the Senate and discussed with the Senators is binding upon the Senate. That legal definition refers specifically to authorizations to create obligations by contract in advance of appropriations, or any other authority making funds available for obligation or expenditure.

EXISTING LENDING AUTHORITY SHOULD BE
EXAMINED

In our cloakroom discussion this afternoon, I said that one of the research jobs

which needs to be done and done quickly on this matter is to get a summary of all the lending powers of all the agencies of the Federal Government. We should find out in how many instances the power of lending authorization has been granted to some department or agency of Government under which loans are made out of the Treasury without any action at all by the appropriation committees of the Congress.

I do not know how many instances there are. I am not going to give a curbstone opinion on it tonight, but it seemed to be the consensus of opinion among many of us that there was nothing new about the authority which is asked for in the bill under consideration. The Senator from Vermont in his brilliant speech, the Senator from Arkansas in an equally fine speech, the Senator from Minnesota, and the Senator from Indiana [Mr. CAPEHART] all covered this point.

I had not mentioned the Senator from Indiana before in my speech, but I want to now. The Senator from Indiana [Mr. CAPEHART] made a very cogent argument in support of the position that the ruling of the Presiding Officer is correct and that there is no requirement under the Constitution, under the statutes, or, as I shall endeavor to show later, under the rules of the Senate that the Appropriations Committee approve of this matter.

As I was saying, Mr. President, the Senator from Indiana [Mr. CAPEHART] and others pointed out that we have passed a considerable number of statutes authorizing agencies of Government to make loans out of the Treasury of the United States, which do not require any approval from the Appropriations Committee of the Senate, so far as Senate action is concerned.

The Senator mentioned the Rural Electrification Administration, some housing programs, the St. Lawrence Seaway project, and others. There is also some question as to whether some of our veterans' programs have been based upon this sort of authorization.

It was argued that there has been no direct ruling in point on the matter heretofore, but that there has been plenty of practice, and I think that practice has been based upon sound legal foundation; namely, the sections of the Constitution and of the Federal code to which I referred.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table showing expenditures handled under congressional authorization as public debt transactions cumulative to June 30, 1957. This table was inserted in the CONGRESSIONAL RECORD on June 9, 1958, by the Senator from Arkansas [Mr. FULBRIGHT].

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 4.—Expenditures handled under congressional authorizations as public debt transactions cumulative to June 30, 1957

Senate Committee	Purpose of expenditure and agency	Citation	Expenditures, advances by Treasury ¹	Notes acquired as a result of cancellations	Cash repayments ¹	Cancellations of securities acquired (see table 5)	Transfers between agencies	Balance of securities acquired June 30, 1957
Banking and Currency.	Advances in exchange for bonds or notes: Commodity Credit Corporation.	15 U. S. C. 713 a-4.	\$87,338,000,000.00		\$70,664,435,346.25	\$3,290,564,653.75		\$13,383,000,000.00
	Export-Import Bank of Washington: Regular activities.	12 U. S. C. 636d.	3,727,200,000.00		2,549,200,000.00			1,178,000,000.00
	Liability transferred from the Reconstruction Finance Corporation.	Reorg. Plan No. 2 of 1954.			15,464,440.21		\$42,000,000.00	26,535,559.79
Banking and Currency/Agriculture.	Federal Farm Mortgage Corporation.	12 U. S. C. 1020c-1.	988,800,000.00		988,800,000.00			
Banking and Currency.	Federal National Mortgage Association: Regular activities.	12 U. S. C. 1716 et seq.	5,429,450,468.73		3,779,919,457.65			1,649,531,011.08
	Liability transferred from the Reconstruction Finance Corporation.	Reorg. Plan No. 2 of 1954.					\$91,768,172.45	91,768,172.45
Do.....	Home Owners' Loan Corporation.	12 U. S. C. 1463 (c).	2,446,000,000.00		2,317,827,891.09	128,172,108.91		
Do.....	Housing and Home Finance Administrator: College housing loans.	12 U. S. C. 1749 (b).	248,244,872.73		20,388,323.29			227,856,549.44
	Prefabricated housing loans program.	12 U. S. C. 1701 g; 1701 g-1.	36,170,296.71		27,785,815.89	8,384,480.82		
	Public facility loans.	Act, Aug. 11, 1955.	1,400,000.00					1,400,000.00
	Urban renewal fund.	42 U. S. C. 1462 (e).	67,000,000.00		14,000,000.00			53,000,000.00
Foreign Relations.	International Cooperation Administration: Mutual Defense assistance program.	22 U. S. C. 1933 (f)	1,121,995,402.12		4,868,362.48			1,117,127,039.64
	Assistance to Spain.	Act, Sept. 6, 1950	60,862,041.71		5,861,871.72			55,000,169.99
	India emergency food aid.	50 U. S. C. App. 2312	27,254,316.00		1,824,004.48			25,430,311.52
	Foreign investment guaranty fund.	22 U. S. C. 1933 (F)	9,242,389.33		12,389.33		\$49,230,000.00	

Footnotes at end of table.

TABLE 4.—Expenditures handled under congressional authorizations as public debt transactions cumulative to June 30, 1957—Continued

Senate Committee	Purpose of expenditure and agency	Citation	Expenditures, advances by Treasury ¹	Notes acquired as a result of cancellations	Cash repayments ¹	Cancellations of securities acquired (see table 5)	Transfers between agencies	Balance of securities acquired June 30, 1957
Banking and Currency.	Public Housing Administration.	42 U. S. C. 1420	\$2,708,817,701.61	-----	\$2,661,996,329.43	\$5,821,372.18	-----	\$41,000,000.00
Do.....	Reconstruction Finance Corporation.	15 U. S. C. 606	26,613,539,956.71	-----	13,615,743,333.78	12,848,664,319.48	* \$149,132,303.45	-----
Agriculture.....	Rural Electrification Administration.	7 U. S. C. 903	2,424,300,000.00	* \$510,848,903.98	416,198,021.06	-----	-----	2,518,950,882.93
Foreign Relations.	Saint Lawrence Seaway Development Corporation.	33 U. S. C. 985	48,300,000.00	-----	-----	-----	-----	48,300,000.00
Agriculture.....	Secretary of Agriculture: Farmers Home Administration: Loan programs.	7 U. S. C. 1005; 1032	1,303,742,000.00	* 40,367,816.15	1,132,160,857.97	-----	-----	211,948,958.18
	Farm housing program.	42 U. S. C. 1481	80,000,000.00	-----	38,744,248.59	-----	-----	41,255,751.41
	Farm tenant mortgage insurance fund.	7 U. S. C. 1005c	7,725,000.00	-----	-----	-----	-----	7,725,000.00
Do.....	Secretary of the Army (Natural fibers revolving fund) (62 Stat. 1098).	5 U. S. C. 234	100,000,000.00	-----	100,000,000.00	-----	-----	-----
Armed Services...	Secretary of the Treasury (Federal Civil Defense Act of 1950).	15 U. S. C. 606; 50 U. S. C. App. 2061	2,305,000.00	-----	3,053,970.61	-----	* 1,813,970.61	1,065,000.00
Banking and Currency.	Small Business Administration: Liability transferred from the Reconstruction Finance Corporation.	Reorg. Plan No. 2 of 1954	-----	-----	6,400,160.39	-----	* 13,550,160.39	7,150,000.00
Agriculture—Public Works.	Tennessee Valley Authority.	16 U. S. C. 831 n-3.	56,772,500.00	-----	56,772,500.00	-----	-----	-----
Foreign Relations.	United States Information Agency: Informational media guarantee fund.	22 U. S. C. 1442 (b)	3,745,000.00	-----	-----	-----	* 2,230,000.00	12,975,000.00
Banking and Currency.	Veterans' Administration (Veterans' direct loan program).	38 U. S. C. 694 m	733,484,399.00	-----	-----	-----	-----	733,484,399.00
Do.....	Defense Production Act of 1950, as amended: Defense Materials Procurement Agency.	50 U. S. C. App. 2094	125,000,000.00	-----	125,000,000.00	-----	-----	-----
	Export-Import Bank of Washington.	50 U. S. C. App. 2094	44,973,314.64	-----	10,469,173.19	-----	-----	34,504,141.45
	General Services Administration.	50 U. S. C. App. 2094	1,018,700,000.00	-----	-----	-----	-----	1,018,700,000.00
	Reconstruction Finance Corporation.	50 U. S. C. App. 2094	178,800,000.00	-----	47,100,000.00	-----	* 131,700,000.00	-----
	Secretary of Agriculture.	50 U. S. C. App. 2094	47,336,000.00	-----	-----	-----	-----	47,336,000.00
	Secretary of the Interior: (Defense Minerals Exploration Administration).	50 U. S. C. App. 2094	26,000,000.00	-----	-----	-----	-----	26,000,000.00
	Secretary of the Treasury.	50 U. S. C. App. 2094	91,130,000.00	-----	54,940,000.00	-----	* 131,700,000.00	167,890,000.00
	Total advances in exchange for bonds or notes.	-----	137,116,290,659.29	551,216,720.13	98,658,466,497.40	16,281,606,935.14	-----	22,727,433,946.88
Do.....	Advances to Export-Import Bank of Washington for payment of subscription to capital stock.	12 U. S. C. 635 b	999,000,000.00	-----	-----	-----	-----	999,000,000.00
	Subscription to preferred stock of Federal National Mortgage Association (secondary market operations).	12 U. S. C. 1718	* 71,000,000.00	-----	-----	-----	-----	71,000,000.00
	Payment of subscription to the International Bank for Reconstruction and Development.	22 U. S. C. 286 e	635,000,000.00	-----	-----	-----	-----	635,000,000.00
	Payment of subscription to the International Finance Corporation.	22 U. S. C. 282 e	35,168,000.00	-----	-----	-----	-----	35,168,000.00
	Payment of subscription to the International Monetary Fund.	22 U. S. C. 286 e	* 950,000,000.00	-----	-----	-----	-----	950,000,000.00
	Credit to the United Kingdom.	Act, July 15, 1946.	3,750,000,000.00	-----	* 279,678,428.06	-----	-----	3,470,321,571.94
	Grand total.....	-----	143,556,458,659.29	551,216,720.13	98,938,144,925.46	16,281,606,935.14	-----	28,887,923,518.82

SUMMARY

Expenditures made and bonds and notes acquired.....	\$144,107,675,379.42
Cash repayments.....	* 98,938,144,925.46
Cash recoveries against securities acquired through cancellations (table 5, pt. II).....	* 11 2,050,888,196.95
Net expenditure outlay.....	\$43,118,642,257.0
Cancellations of securities acquired and recoveries:	
Securities canceled (table 5, pt. I).....	\$16,281,606,035.14
Recoveries—cash (table 5, pt. II).....	* 11 2,050,888,196.95
Recoveries—capital stock acquired against cancellations and still held (table 5, pt. III).....	* 12 137,981,000.00
Expenditures for which no recovery may be made.....	\$14,092,737,738.19
Balance to be accounted for.....	29,025,904,518.82
Footnotes at end of table.	

SUMMARY—Continued

Securities held:	
Securities acquired against expenditures	28,793,272,635.89
Notes acquired against cancellations	94,650,882.93
Capital stock acquired against cancellations	137,981,000.00
Total held	29,025,904,518.82

¹ Deduct.
² Excludes exchanges of notes. Includes refundings that were handled as public debt transactions.
³ Transferred from the Reconstruction Finance Corporation pursuant to Reorganization Plan No. 2 of 1954, effective at the close of business June 30, 1954.
⁴ Includes \$71,000,000 representing exchange of notes for preferred capital stock.
⁵ Represents obligation on notes transferred from International Cooperation Administration to the United States Information Agency in accordance with sec. II of the act approved July 18, 1956 (70 Stat. 563).
⁶ Includes \$147,318,332.84 transferred to the Export-Import Bank of Washington, the Federal National Mortgage Association, and the Small Business Administration in accordance with Reorganization Plan No. 2 of 1954 (see footnote 2); and \$1,813,970.61 transferred to the Secretary of the Treasury (Federal Civil Defense Act of 1950), pursuant to the act approved July 30, 1953 (67 Stat. 230).
⁷ Advances for these securities originally were made by the Reconstruction Finance Corporation. Pursuant to the act approved July 30, 1947 (61 Stat. 545, 547) the

securities were transferred to the U. S. Treasury and Reconstruction Finance Corporation notes cancelled in like amount. (See table 5.)

⁸ Transferred from the Reconstruction Finance Corporation pursuant to the act approved July 30, 1953, (67 Stat. 230).

⁹ Transferred from the Reconstruction Finance Corporation to the Secretary of the Treasury pursuant to the act approved July 30, 1953 (67 Stat. 230), and Executive Order No. 10489 to Sept. 28, 1953.

¹⁰ Additional subscriptions to the International Monetary Fund in the amount of \$1,800,000,000 were paid from the stabilization fund, which was created pursuant to the Gold Reserve Act of 1934 as amended.

¹¹ Includes \$96,941,785.08 deposited in miscellaneous receipts of the U. S. Treasury.

¹² Excludes \$416,198,021.05 repayments of loans shown in table 5, pt. II, because this amount is included in cash repayments above.

¹³ Excludes other assets amounting to \$58,498,624.11 shown in table 5, pt. III.

Statement of transactions relating to authorizations to expend from public debt receipts as of May 31, 1958

Accounts	Balance of authorizations at beginning of fiscal year 1958	Net additional public debt authorizations granted by Congress through May 31, 1958	Total advances made from July 1, 1957, through May 31, 1958	Repayments made during fiscal year 1958 which affected borrowing authorizations	Repayments made during fiscal year 1958 which do not affect borrowing authorizations	Net change (cols. (4)–(5))	Unused authorizations, May 31, 1958 (cols. (2)+(3)–(7))	Net amount due Treasury, May 31, 1958
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity Credit Corporation	\$1,117,000,000.00	0	\$3,087,000,000.00	\$5,372,000,000.00	0	\$2,285,000,000.00	\$3,402,000,000.00	\$11,098,000,000.00
Export-Import Bank of Washington:								
Regular	2,822,000,000.00	\$2,000,000,000.00	591,500,000.00	279,300,000.00	0	–312,200,000.00	4,509,800,000.00	1,490,200,000.00
Transferred from RFC	0	0	0	0	\$6,134,744.81	0	0	20,400,814.98
Federal Deposit Insurance Corporation	3,000,000,000.00	0	0	0	0	0	3,000,000,000.00	0
Federal Farm Mortgage Corporation	500,000,000.00	–500,000,000.00	0	0	0	0	0	0
Federal Home Loan Banks	1,000,000,000.00	0	0	0	0	0	1,000,000,000.00	0
Federal National Mortgage Association:								
Management and liquidating functions	274,400.00	–1,177,274,400.00	70,700,000.00	1,247,700,000.00	0	1,177,000,000.00	0	539,183,477.42
Secondary market operations	1,346,766,185.67	900,000,000.00	793,444,012.55	529,796,583.68	0	–173,647,478.87	2,073,118,706.80	176,881,293.20
Special assistance functions	575,374,282.87	2,050,000,000.00	128,126,143.92	2,482,796.34	0	–125,643,347.58	2,499,730,935.29	147,820,239.38
Preferred stock	0	65,000,000.00	0	0	0	0	65,000,000.00	71,000,000.00
Federal Savings and Loan Insurance Corporation	750,000,000.00	0	0	0	0	0	750,000,000.00	0
Housing and Home Finance Agency:								
College housing	522,143,450.56	175,000,000.00	150,000,000.00	0	0	–150,000,000.00	547,143,450.56	377,856,549.44
Flood insurance	500,000,000.00	0	0	0	0	0	500,000,000.00	0
Public facility loans	98,600,000.00	0	11,700,000.00	0	0	–11,700,000.00	86,900,000.00	13,100,000.00
Urban renewal program	947,000,000.00	0	20,000,000.00	0	0	–20,000,000.00	927,000,000.00	73,000,000.00
International Cooperation Administration:								
Loan to Spain	1,637,958.29	0	1,052,652.07	0	3,397,864.69	–1,052,652.07	585,306.22	83,154,957.37
Mutual defense assistance program	310,335.28	0	0	0	4,590,924.08	0	310,335.28	1,112,536,115.56
India emergency food aid	0	0	0	0	1,211,375.83	0	0	24,218,935.69
Industrial media guaranty	199,071,521.50	0	0	0	0	0	199,071,521.50	0
Public Housing Administration	1,459,000,000.00	0	96,000,000.00	92,000,000.00	0	–4,000,000.00	1,455,000,000.00	45,000,000.00
Rural Electrification Administration	929,236,718.00	239,000,000.00	300,236,718.00	0	44,217,747.46	–300,236,718.00	868,000,000.00	2,774,969,853.47
St. Lawrence Seaway Development Corporation	56,700,000.00	35,000,000.00	44,800,000.00	0	0	–44,600,000.00	47,100,000.00	92,900,000.00
Secretary of Agriculture:								
Farmers' Home Administration	0	209,500,000.00	209,500,000.00	0	112,459,470.77	–209,500,000.00	0	308,989,487.51
Farm tenant-mortgage insurance loans	12,275,000.00	10,000,000.00	12,100,000.00	17,465,000.00	0	5,365,000.00	27,640,000.00	2,300,000.00
Farm housing loans	400,000,000.00	0	0	0	4,196,249.75	0	400,000,000.00	37,959,601.66
Secretary of the Treasury:								
Federal Civil Defense	248,935,000.00	0	0	170,000.00	0	170,000.00	249,105,000.00	895,000.00
Small Business Administration	0	0	0	0	7,150,000.00	0	0	0
United States Information Agency: Informational media guaranty	15,012,610.67	0	3,640,000.00	0	0	–3,640,000.00	11,362,610.67	16,616,000.00
Veterans' Administration: Veterans direct loan program	0	49,571,200.00	49,571,200.00	0	2,977,803.00	–49,571,200.00	0	780,077,996.00
Defense Production Act of 1950, as amended:								
Export-Import Bank of Washington	15,495,858.55	0	670,586.93	3,464,277.04	0	2,793,690.11	18,289,548.66	31,710,451.34
General Services Administration	501,300,000.00	145,000,000.00	380,000,000.00	0	0	–380,000,000.00	266,300,000.00	1,398,700,000.00
Secretary of Agriculture	18,489,000.00	0	11,297,000.00	0	0	–11,297,000.00	7,192,000.00	58,633,000.00
Secretary of the Interior	8,000,000.00	4,800,000.00	4,000,000.00	0	0	–4,000,000.00	8,800,000.00	30,000,000.00
Secretary of the Treasury	89,710,000.00	0	6,425,000.00	7,805,000.00	0	1,380,000.00	91,090,000.00	166,510,000.00
Unallocated	172,575,000.00	–149,800,000.00	0	0	0	0	22,775,000.00	0
International Bank for Reconstruction and Development	2,540,000,000.00	0	0	0	0	0	2,540,000,000.00	635,000,000.00
International Finance Corporation	0	0	0	0	0	0	0	35,168,000.00
Total	19,846,907,321.39	4,065,796,800.00	5,881,563,313.47	7,552,183,607.06	186,335,980.39	1,670,620,293.59	25,573,324,414.98	21,611,045,673.00

¹ Transferred from Reconstruction Finance Corporation pursuant to Reorganization Plan No. 2 of 1954.

² Reductions of \$180,813.94 and \$2,568,011.41 not reflected in the June 30, 1957 (final) statement, representing adjustments in authorizations as reported by the Federal

National Mortgage Association for the fiscal years 1956 and 1957 based on the portion of mortgage portfolio financed by earnings, working capital, and purchase discounts.

³ Includes \$1,020,000.00 return of uncommitted funds.

⁴ To adjust net amount due Treasury account deposits made to miscellaneous receipts No. 3324 pursuant to law.

Mr. MORSE. Mr. President, we find in this table a whole list of agencies which exercise lending power without any requirement of Appropriations Committee approval.

Among them are the Commodity Credit Corporation, about which the Senator from Minnesota spoke at some length; the Export-Import Bank; the Federal Farm Mortgage Corporation; the Federal National Mortgage Association; the Home Owners' Loan Corporation; the Housing and Home Finance Administrator; the International Cooperation Administration; and others which I believe were mentioned in the debate this afternoon.

DIRECT LOAN AUTHORITY MEETS CONSTITUTIONAL TEST

The point I wish to emphasize in enumerating these is that the legislative procedure provided by the Committee on Foreign Relations in the bill under consideration is nothing new as a legislative policy in the Senate.

It is interesting to note, Mr. President, that there has been no successful contest in regard to the exercise of that legislative power. Let me stress very quickly that if no point were raised in the Senate, that would not stop a taxpayer from raising it, if our course of action in the Senate in fact were illegal. We are not a legal entity unto ourselves in the Senate. We cannot follow an illegal course of action and deprive our citizens of the right to challenge that course of action in court.

Let me make clear for the RECORD that the table I have just offered sets forth a list of Government agencies which have been given by law blanket authorization to expend the funds which the bills provide for, without any clearance by the Appropriations Committee of the Senate.

We should not be surprised at that; such legislation is clearly in keeping with article I, section 9, of the Constitution, because the Constitution refers to appropriations "made by law." The Constitution does not say "made by law after approval by the Appropriations Committee of the U.S. Senate." As was pointed out in the debate this afternoon, for many years Congress did not have Appropriations Committees.

The controlling question is whether or not we are doing it by law, and in keeping with the rest of the language governing withdrawals from the Treasury as set forth in the Constitution, in keeping with the definitions set forth in the Federal Code, to which I have referred. That is the burden of my argument on this point.

NO APPLICATION OF SENATE RULE XXV TO PENDING BILL

Returning to the Rules of the Senate, which have been discussed at such great length this afternoon by Senators who wish to overturn the ruling of the Chair, it is claimed as a result of the LaFollette-Monroney Act, in some way, somehow, rule XXV, subsection (b) makes the proposal of the Foreign Relations Committee a violation of the Rules of the Senate.

Let us take a look at it. Rule XXV provides:

(b) Committee on Appropriations, to consist of 27 Senators, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

1. Appropriation of the revenue for the support of the Government.

That is the whole thing.

As the Senator from Minnesota [Mr. HUMPHREY] said—and I wish to expand upon his argument a bit from a lawyer's standpoint—the Development Loan Fund, as proposed in the bill, does not fall within that rule at all, because the Development Loan Fund does not involve the appropriation of revenue for the support of the Government.

The Development Loan Fund involves just what it says—authorization to make loans to foreign governments, to be of assistance to such governments in developing economic projects which, in the opinion of our Government, will be helpful in the great fight for freedom in the world. It is not an expenditure. It does not involve raising or spending revenue for the support of the Government. It is a horse of an entirely different color, to use a colloquialism.

It does not involve the spending of revenue for the support of the Government. It involves, in effect, lending the assets of the Treasury for a specific purpose, one we think will be in the foreign policy interest of the United States, by way of help to a foreign government.

I do not know how it could be stated any more clearly. I respectfully submit that all the argument heard here this afternoon on the part of Senators who would overrule the Chair, so far as rule XXV is concerned, is completely irrelevant to the issue before us. We are not proposing in this section of the foreign aid bill to spend any revenue for the support of this Government, which is what rule XXV deals with. We are proposing to withdraw some of the assets of this Government from the Treasury of the United States and lend them, put them to work, in the interest of what we consider to be the foreign policy welfare of this country.

We are proposing to do it under section 9 of article I, which confers power to make withdrawals from the Treasury far broader than that limited type of withdrawals which, under our rule XXV, must be referred to the Appropriation Committee.

It involves a matter of legislative policy. It seems to me that it illustrates, as clearly as it can be illustrated, the prerogative of the Foreign Relations Committee of the Senate to determine foreign relations policy.

LEGISLATIVE COMMITTEES MUST ALSO PROTECT PREROGATIVES

The Foreign Relations Committee of the Senate is recommending to the Senate one of the best ways to strengthen our position in the world in the great contest with Russia in the cold war, namely, to authorize the executive branch to make loans out of the Treasury in the amount of \$1 billion a year, if

worthwhile projects can be found in sufficient number, for a period of 5 years.

The program does not involve the expenditure of any revenue for the support of this Government. I say most respectfully that I do not care with what language they clothe their argument, the effect of the argument of Senators who would overrule the Chair is to divest the Foreign Relations Committee of the Senate of existing legislative power, and transfer that power to the Appropriations Committee, or at least give to the Appropriations Committee a veto power over the legislative policy prerogatives of the Foreign Relations Committee.

That is a pretty important question. It affects every legislative committee of the Senate as much as it affects the Foreign Relations Committee. That is why I said earlier tonight that I thought we needed adequate time to consider the effects and implications of that issue.

This is not the time and place to discuss the extent to which the Appropriations Committee, by accretion, so to speak, has been taking unto itself legislative policymaking power.

I happen to be one Senator who thinks it has. I know the hesitancy of Senators to raise any question about the Appropriations Committee, but I have never been one to hesitate to call attention to a course of action, by a committee of the Senate or by any individual Member of the Senate, which I thought was contrary to the existing rules, or not in the interest of sound public policy.

So I would have members of the Appropriations Committee give very serious thought to the position that some of their members are taking on this issue. It should be said—and I say it kindly and respectfully—that if the Appropriations Committee continues to give the impression, though the position taken by some of its members, that it is reaching out into the legislative policymaking field in the Senate and seeking so to stretch the rules of the Senate that it can exercise a veto power over the legislative policymaking power of the Foreign Relations Committee or any other committee of the Senate, we had better meet that issue frankly and forthrightly, and get it behind us, because I am satisfied that once that issue is really drawn in the Senate, a majority of Members of the Senate—and I believe most of the Members of the Appropriations Committee too—will recognize the importance of keeping the Appropriations Committee as an Appropriations Committee, and not making of it a legislative policymaking committee.

As I said in the Committee on Foreign Relations—I see the Senator from Montana [Mr. MANSFIELD] in the Chamber, and I happen to know he was in the committee when I made the argument—I thought we ought to make it very clear in the committee that we were to determine the legislative policy in the field of foreign relations, and should not either surrender or delegate to the Committee

on Appropriations, or permit the Committee on Appropriations to encroach upon, the legislative policymaking power of the Committee on Foreign Relations. That is a matter which is involved in this debate. We cannot get away from it. If the position taken by the Presiding Officer of the Senate is overruled, we shall in effect be giving legislative policymaking powers to the Committee on Appropriations.

Once that is done, as the Senator from Arkansas said this afternoon—and I thought it was in most fair and proper language, which I want to emulate—if the Committee on Appropriations is to have the last word, not only on a Development Loan Fund, but also on all the other lending agencies of the Federal Government, then the rest of the Senate might just as well go on a vacation. Our legislative committee work then would be greatly reduced, unless we want to go through a practice of being a sort of research department or agency for the Senate Committee on Appropriations, as the Legislative Reference Service of the Library of Congress is to all of our committees now, when we call upon them to prepare material for our consideration in the first instance.

I conclude this part of my argument by saying that, in my judgment, there is nothing in rule XXV which gives the Committee on Appropriations any of the powers contended for by the proponents of the proposal which the Chair overruled.

DEFINITION OF GENERAL APPROPRIATION BILL

There is another phase of the problem on which I shall comment. The Senator from South Dakota this afternoon laid great emphasis on the power or the jurisdiction of the Committee on Appropriations over appropriations.

It was pointed out to him in the course of the argument that that jurisdiction is limited to general appropriations, not to special appropriations. I have not had the time to do the studying which I hope to do between now and 10 o'clock tomorrow morning on this matter. But I did sit here for a while and read from the very fine reference work prepared by our two very able Parliamentarians, Charles Watkins and Floyd Riddick. On page 69 of their work, we find the following.

The first part is not particularly pertinent except insofar as it contains some discussion of the two types of appropriations, general and special.

On page 69 the Parliamentarians point out:

CONSIDERATION OF APPROPRIATION BILLS

A motion to proceed to the consideration of a general appropriation bill is not privileged, either during the morning hour, or after 2 o'clock, except under Rule IX, and therefore would have no precedence over a pending motion to proceed to the consideration of a nonappropriation bill. Furthermore, while a motion to take up one matter is pending, a motion to proceed to the consideration of another matter is not in order, and the Chair has so held without a point of order being made from the floor.

It may be asked why I have referred to this particular paragraph in a discussion

of the present subject matter. Only because this is a reference to a general appropriation bill. It raises at once the implication that there is a difference between a general appropriation bill and a special appropriation bill, so far as their standing under the rules of the Senate is concerned.

I continue to read:

A motion to proceed to the consideration of one bill is not subject to amendment by the substitution of another bill therefor.

Then the parliamentarians say:

While unfinished business is pending, a motion to proceed to the consideration of a general appropriation bill is not a privileged or preferential motion.

That gives rise again to the clear inference that there is a difference, as there is, between a general appropriation bill and a special appropriation bill.

The parliamentarians then say, on page 70:

"No general appropriation bill shall be considered in either House unless, prior to the consideration of such bill, printed committee hearings and reports on such bill have been available for at least 3 calendar days for the Members of the House in which such bill is to be considered." ³⁶ And the rule has been interpreted to calculate the time not on the basis of hours, "but that the time is figured on the basis of 3 calendar days." ³⁷

In the consideration of appropriation bills, committee amendments, and amendments offered thereto, are disposed of before amendments from the floor are in order.

Now we come to the Parliamentarians' definition of what is meant by a general appropriation bill as referred to in the paragraphs I have just quoted. They say, on page 70:

There is a distinction between what is commonly called a general appropriation bill and a bill providing for a special appropriation. The "Rule itself was intended to include only the general appropriation bills, which are well defined, carrying general appropriations for the various departments.

The various departments of what? The various departments of the Government, relating back to the reference I have previously made in my argument concerning rule XXV, in respect to the raising of revenue for the support of the Government. I continue to read:

In the 84th Congress, the bills considered to be general appropriation bills follow: Urgent deficiency, 1955; Treasury and Post Office, 1956; second supplemental 1955; Labor, and Health and Welfare, 1956; Interior, related agencies, 1956; Agriculture, 1956; independent offices, 1956; State, Justice, and judiciary, 1956; Defense Department, 1956; District of Columbia, 1956; Commerce and related agencies, 1956; general Government matters, 1956; public works, 1956; legislative, 1956; mutual security, 1956; supplemental, 1956.

Let it be noted that in dealing with these bills, we are dealing with general appropriations. We are not dealing with any proposal to set up loan fund arrangements, such as is proposed in the

bill under consideration. The Parliamentarians go on to say:

All bills appropriating money which are not general in nature are considered as special appropriation bills and therefore not subject to the restrictions found in rule XVI. Examples of bills held by the Senate to be special appropriation bills follow:

Mr. President, I ask unanimous consent that the list be printed at this point in my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Relief appropriation bill of 1939 and 1940,³⁸ work relief bill for 1943 (in the House)³⁷ a joint resolution making appropriations for relief purposes;³⁸ a joint resolution making appropriations for emergency relief purposes;³⁹ a joint resolution providing additional appropriations for the Civilian Conservation Corps;⁴⁰ a bill making appropriations to enable the Secretary of Agriculture to carry out the purposes of "An act to provide further for the national security and defense by stimulating agriculture and facilitating the distribution of agricultural products;"⁴¹ a bill making an appropriation for farm relief in drought and storm stricken areas;⁴² and a bill making an appropriation to enable the United States to make payments upon subscriptions to the capital stock of the Reconstruction Finance Corporation.⁴³

Mr. MORSE. Mr. President, it will be found that in the listings there is a statutory requirement, in many instances, which authorizes and directs a Government agency or official to draw upon the Treasury of the United States. That is what this provision in the bill before us provides. Therefore, I was somewhat at a loss, in view of what the Parliamentarians have pointed out in their manual, to understand the argument of the Senator from South Dakota and other Senators this afternoon to the effect that the rules of the Senate prevent the Committee on Foreign Relations from creating this kind of loan fund.

ISSUE CALLS FOR GUIDANCE OF EXPERTS

I make this suggestion: I do not have the authority to require it. The two Parliamentarians have sat here all afternoon and have listened to these arguments. They have heard the arguments which I have just made in regard to the difference between the handling of general appropriations and special appropriations bills under the rules. I should like to suggest to them that it would be exceedingly helpful to us if tomorrow morning they could submit to the leadership of the Senate a memorandum bearing upon this parliamentary question in relation to general appropriation bills and special appropriation bills, and bearing upon the question as to whether or not a loan fund, such as is provided in the

³⁶ June 27, 1939, 76-1, RECORD, p. 7960.

³⁷ See June 11, 1942, 77-2, RECORD, p. 5148.

³⁸ Mar. 19, 1935, 74-1, JOURNAL, p. 207.

³⁹ May 21, 1937, 75-1, RECORD, p. 4936.

⁴⁰ See Apr. 19, 1938, 75-3, RECORD, p. 5510.

⁴¹ July 10, 1918, 65-2, JOURNAL, p. 309, RECORD, pp. 8941-58.

⁴² Jan. 5, 1931, 71-3, JOURNAL, p. 74, RECORD, pp. 1366-69.

⁴³ Jan. 25, 1932, 72-1, JOURNAL, p. 180, RECORD, pp. 2632-34.

³⁹ Sec. 139(a), Legislative Reorganization Act of 1946.

⁴⁰ May 13, 1954, 83-2, RECORD, p. 6520; see also proceedings for Apr. 29, 1952, 82-2, RECORD, pp. 4549-51.

bill, falls under any rule of the Senate which gives to the Committee on Appropriations the authority, the right, the prerogative, and the jurisdiction to have that specific proposal submitted to it for approval.

Our Parliamentarians have a great responsibility and duty to perform in connection with this matter, because—as was pointed out during the debate this afternoon—I think a great change in legislative course of action will occur in the Senate and I believe great injury will be done to the legislative process in the Senate if the Senators who favor overruling the decision of the Chair prevail on tomorrow.

It was argued by some—in fact, I believe the Senator from Florida [Mr. HOLLAND] at one time during the debate this afternoon argued—and I shall paraphrase his remarks, rather than quote them, because I do not have before me a transcript of his remarks; but I believe he asked, in effect, “Why should anyone think that in regard to these other loaning agencies, any Member would raise a point of order, because when there is in the Senate a substantial majority”—if I correctly understood the Senator from Florida—“that favors a program, the rule can always be suspended.”

Mr. President, that can be done if there are sufficient votes for that purpose.

But in reply to the Senator from Florida, let me say that if the proposed precedent is established, there will be added to the arsenal of persuasion of Senators who wish to follow the course of legislative limitation that is being proposed in connection with this bill, a very powerful argument by way of precedent. In fact, I do not know of any argument in the course of debate in the Senate that can win more votes on any issue than the argument by a Senator that “The precedents of the Senate are in support of the position I take.” That is always good for X number of votes; and X number of votes is not a small number, I assure you, Mr. President.

Therefore, if there is established the precedent which is sought by the Senators who seek to overrule the ruling of the Chair on the matter of requiring this kind of a proposal to go to the Appropriations Committee for its legislative approval—because that is what it amounts to—then, in my judgment, the Senate will be changing its whole legislative pattern in respect to all future bills which involve loaning proposals under various agencies, such as the REA, the Export-Import Bank, and all the others included in the table which I placed in the RECORD a few minutes ago.

For these reasons, Mr. President, on tomorrow I shall vote against the appeal from the decision of the Chair; and for these reasons I hope that Senators who are leading the opposition in regard to the Development Loan Fund in the foreign-aid bill, and are doing so on the basis of the argument that it is supposed to be in violation of either the Constitution or the Senate rules, will, upon due reflection on the record made today, decide to withdraw their appeal

from the decision of the Chair. Let them instead base their opposition to it upon the merits or lack of merits of the proposal itself.

Let me say that the course of action they advocate is not a new one in the Congress. In making this statement I wish to make clear that I desire to keep within the rule and not say anything that would reflect on the other House; but here, again, in our discussions in the cloakroom this afternoon, some of the leaders of my party pointed out that what is being sought to be accomplished here on the floor of the Senate is identical to the course of action which has been attempted for some years in the House of Representatives by Members who wanted to limit the jurisdiction of the legislative committees of the House. But by one means or another they have been forestalled from succeeding there.

But the legislative record over in the other body is very clear. As one of my party leaders said to a group of us out in the cloakroom, this afternoon—and he spoke in terms of individual Members of the House, which I shall not do in my speech here tonight—all this effort amounts to is a projection here on the floor of the Senate of parliamentary strategy that has been attempted for some years on the floor of the House of Representatives. It has been attempted by those who wanted to block this kind of needed legislation, by giving to the House Appropriations Committee the kind of authority and delegation of legislative power that are being attempted, I say respectfully, by the Members of this body who are seeking to have the decision of the Chair overruled.

As was brought out very clearly, I think, by the Senator from Arkansas [Mr. FULBRIGHT], that is not the way to meet a legislative issue in the Senate.

LOAN FUND SHOULD BE CONSIDERED ON MERITS

Mr. President, I do not think it is in the public interest to resort to parliamentary strategy of this kind, in an attempt to defeat the Development Loan Program as an important part of our foreign policy.

What is actually happening in the Senate is that the divergent points of view on the legislative program itself are coalescing and coming together, for diverse reasons, in order to attempt to prevail in the effort to defeat the recommendation of the Foreign Relations Committee on the Development Loan Fund.

All of us know—and let us be frank about the matter—that this afternoon, during the debate, it became perfectly clear that some Members of the Senate simply are against a foreign aid program, and thus are supporting the proposal to overrule the decision of the Chair. We know some Senators simply are against the development loan program, and, therefore are joining in the effort to overrule the decision of the Chair.

We know, or at least it would appear, that some Members think this situation gives them an opportunity to succeed, as the Senator from Arkansas pointed out, on a measure which has met with considerable opposition throughout the country, to obtain from the Appropria-

tions Committee, in this instance, and thereby establish a precedent, a legislative policymaking program. It bestows a power which the Appropriations Committee never heretofore has had granted to it.

So, Mr. President, it is the old case of having various groups come together in an attempt to accomplish a common end, although their motivations are quite diverse.

Of course, nothing in the rules prevents that. But, as I used to try to teach my students, the fact that one can successfully argue that what he is doing is within the law does not make it right. The fact that what one does may be technically within the law does not make it cricket. The fact that what one is doing, or what one proposes to do, cannot be objected to as being in violation of the law does not mean that as a matter of good policy it should be done.

It is not for me to preach gratuitously to my colleagues as to what their legislative course should be in the Senate, other than to say that in a parliamentary body such as this, one never makes a mistake if he leans over backward in attempting to be exceedingly fair to his colleagues, and never takes advantage of them simply because an opportunity to do so within the law, so to speak, presents itself.

I do not mean by that to imply that I believe the opposition to us in this debate are at all correct as regards the merits of their argument. But I am trying to point out that it is within their power to bring these divergent points of view together, in a voting bloc in the Senate, and to defeat this very essential Development Loan Program—for a diversity of reasons on their part, and, in my judgment, by so doing to do great injury to the foreign relations program of this Republic.

But they are using an argument they clearly do not expect to be applied uniformly from now on.

GENERAL RULING SHOULD BE OBTAINED

So I say I hope they will reflect on their parliamentary course of action, and I trust that tomorrow they will at least take the position that they are willing to withdraw their appeal from the ruling of the Chair and treat this question as a separate procedural and rule problem here in the Senate, one that should be settled for uniform application.

There are a variety of ways in which they can do it. I suggest one: the submission of a resolution to go to the Committee on Rules and Administration for a determination of this question for the future, have hearings on the resolution in the Rules and Administration Committee, bring the report back from the Committee on Rules and Administration, and then have a full debate on the procedural issue in the Senate on the question as to whether or not we shall change our rules or clarify our rules, if they need clarification, in regard to future action.

I am perfectly satisfied that if that course of action is followed, the result will be to make even more clear that the Appropriations Committee does not have jurisdiction over a matter such as this

and it is not the desire or intention of the Senate to give it jurisdiction.

That is a much fairer and more sensible approach than to have the Senate try to decide this very major rule policy question in the course of debate in relation to a Development Loan Fund.

Mr. President, it was pointed out by the Senator from Minnesota [Mr. HUMPHREY], in debate this afternoon, that in 1958 the Senator from South Dakota [Mr. CASE], the same Senator who raised the point of order today and appealed from the decision of the Chair, discussed the same issue in connection with another piece of legislation that debate was participated in by several Members of the Senate. Among the chief participants were the Senator from South Dakota [Mr. CASE] and the Senator from Arkansas [Mr. FULBRIGHT], who also was involved in the debate today.

Mr. President, I ask unanimous consent that I be allowed to insert in the RECORD at this point that portion of the debate which I think is particularly pertinent, so that when the CONGRESSIONAL RECORD comes to our desks tomorrow morning we shall have the reference to the previous discussion of this matter and have a record which shows that upon a previous occasion the Senator from South Dakota refrained from pressing his point of order.

There being no objection, the extract was ordered to be printed in the RECORD, as follows:

I first raised the point of order in the House of Representatives, in connection with the Housing Act of June 28, 1949. I raised it again in the Senate, more recently in connection with the Community Facilities Act, in special reference to the so-called revolving fund which would be established under the provisions of that measure. However, I did not ask for a ruling on the point of order in connection with the Community Facilities Act, because the matter came up rather suddenly, and I felt that we had an inadequate amount of material to make clear the issues involved.

Mr. MORSE. Mr. President, let me say this in reference to the Senator from South Dakota. I think that he performs many times, in each session of the Congress, a great service to the entire Senate by attempting to hold us in strict compliance with the rules; and I have joined with him on many occasions, as the RECORD will show.

I recall that on various occasions he has raised a point of order that an amendment was out of order because it constituted legislation on an appropriation bill, and he has been sustained. It is right that he should have raised those points of order, and it was helpful to the Senate that he did so.

I do not think there are many Members of the Senate who are as versed in the rules of the Senate as is the Senator from South Dakota. I have an exceedingly high regard for his opinion and interpretation of the rules of the Senate. I think on this occasion he is dead wrong. I think he is completely wrong as to his interpretation of the Constitution; I think he is wrong in his failure to give weight to the Federal Code as to the definitive meaning of the word "appropriations" in article I, sec-

tion 9 of the Constitution. I think he makes a mistake in overlooking the importance of the clear words of the limitation in article I, section 9, namely "made by law." Those are words of limitation relating to the term "appropriations" in that article.

I think he is dead wrong in his failure to give due weight to the distinction between general appropriations and special appropriations. I think he is dead wrong in his failure to give due weight to the fact that the Appropriations Committee, under rule XXV, is limited in its jurisdiction to appropriations involving spending for support of the Government, when, in fact, the Development Loan Fund has nothing to do with the spending of revenues for the support of the Government. It has to do only with the lending of Federal funds out of the Treasury of the United States, said loans to be repaid.

I respectfully submit, Mr. President, when one reads all of the controlling references in the Constitution, in the statutes and in the rules of the Senate relating to the issue before the Senate, the controlling point is that the Appropriations Committee's jurisdiction relates to appropriations for moneys to be expended for the purpose of paying the administrative cost of government, and that it has no jurisdiction over other withdrawals from the Treasury which do not involve the raising of revenue for the payment of expenses of government.

It has no jurisdiction over loan funds of Federal agencies which have been authorized by law, within the meaning of the Constitution, to make loans out of the Federal Treasury, to be repaid to the Federal Treasury.

The Appropriations Committee is the watchdog of the expenditures of funds, but it never has been given jurisdiction to function as the watchdog over the lending of repayable funds. It is a very important distinction, to which, in my judgment, my friend from South Dakota and those supporting his position have not given due weight in this debate.

In closing, I apologize to the staff of the Senate and to my colleagues in the Senate who have honored me by hearing me through, and I also express my regrets to the members of the press who, under assignment, may have found it necessary to remain, for having detained all these fine friends as long as I have. But I feel this is such an important matter, so far as legislative policies of the Senate are concerned, that I would not have been carrying out my duty if I had not made these remarks in opposition to the proposal to overrule the Presiding Officer.

Mr. President, I yield the floor.

Mr. MANSFIELD. Mr. President, I wish to commend the senior Senator from Oregon for taking the floor tonight and giving us the benefit of his views and his experience on this most important question, which will come before the Senate tomorrow. I think the Senator has performed a real service, and he should not apologize to us, because we are indebted to him for going to the lengths he has to explain his position and to give us the benefit of his wide

knowledge in this particular field. I thank the Senator from Oregon.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. JAVITS. I do not wish to detain the Senate, but I should like to thank the Senator from Oregon for another reason; which is that we needed deliberation in this matter. The Senator understood that only too well. With perfect propriety the Senator from Oregon gave us that opportunity.

I think the results tomorrow will show our deliberation. The Senator has given us a very worthwhile analysis. We will have more analyses, because of the capabilities the Senator has placed at the disposal of all of us. I have been looking at the books myself already. Although we shall not have too long a time to debate tomorrow, the basis for our decision has been laid. We hope this will prove to be a very fruitful initiative taken by our colleague.

Mr. MORSE. Mr. President, I want to say to both the Senator from Montana [Mr. MANSFIELD] and the Senator from New York [Mr. JAVITS] that I appreciate from the bottom of my heart their friendly comments, because this has not been an easy task for me to perform tonight. As I said at the beginning, I never like to find myself in the position of seeming to stand alone, although tonight I was not alone. I want the two Senators to know I thank them very much for their kind remarks.

THE STRENGTH OF OUR ECONOMY

Mr. BRIDGES. Mr. President, as I have pointed out on numerous occasions recently, the Nation's economy is in excellent condition and moving on to new heights every month.

This means jobs for our people as well as fatter paychecks and a stabilized cost of living.

The demonstrated strength of our economy has proved wrong those pessimistic critics of Republican economic policies last year. As Mr. Constantine Brown has pointed out, these pessimists were insistent that only massive Government intervention could rescue our economy from an approaching calamity.

Mr. President, I ask unanimous consent to insert in the RECORD a penetrating column by Mr. Constantine Brown which appeared in the Washington Evening Star Friday, June 12, 1959.

Mr. Brown first points out that—

Prophets of gloom and doom have been declaring that this country's economic and financial condition was on the downgrade and predicting an early major crisis.

After tracing the events of the past year, Mr. Brown then comes to this significant conclusion:

Under the present conditions of genuine and solid prosperity of the bulk of the American people, it would appear that the opponents of the welfare state who believe that America is still sturdy enough not to need assistance from the cradle to the grave have a chance to assert themselves at the polls far more than in previous years.

This column is an unusually able analysis of how economic events of the

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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HIGHLIGHTS: Senate debated mutual security authorization bill. Senate committee reported employee health insurance bill.

SENATE

1. PERSONNEL. The Post Office and Civil Service Committee reported with amendment S. 2162, to provide a health benefits program for Government employees (S. Rept. 468). p. 11493
2. ELECTRIFICATION. The Public Works Committee reported with amendment H. R. 3460, to amend the TVA Act of 1933 so as to provide for the issuance of revenue bonds by TVA to finance additions to its power system (S. Rept. 470) p. 11412
3. LANDS. Sen. Neuberger inserted an editorial, "Shoreline S.O.S.," favoring enactment of legislation for the purchase and preservation of shoreline areas of the U. S. for recreation purposes. pp. 11415-6
4. FOREIGN AID. Sen. Bridges inserted an article, "Foreign Aid, Trade Called Trap," commending Sen. Schoeppel's warning "against a continuation of present U. S. foreign aid programs and reciprocal trade pacts." pp. 11417-8
5. FARM LABOR. Sen. Humphrey inserted and commended an editorial, "Focus on Farm Labor," stating that "Secretary of Labor Mitchell has shown considerable courage

and humanity in seeking to improve the lot of migratory farm workers, and contending that "Extraordinary pressures are being exerted" to prevent hearings on this situation. p. 11418

6. MONOPOLIES. Permission was granted to Sen. Dirksen to file his views on S. 716, to authorize the Attorney General to compile the production of documentary evidence required in civil investigations for the enforcement of the anti-trust laws. p. 11412

7. MUTUAL SECURITY. Continued debate on S.1451, the mutual security authorization bill for 1959. pp. 11425-48, 11449-70, 11470-4, 11480-92

Agreed to the following amendments:

By Sen. Johnson (for himself and Sen. Dirksen), reducing the amount of funds to be advanced to the Development Loan Fund from the committee-approved \$5 billion for 5 years to \$2 billion for 2 years and authorizing this amount to be appropriated, not merely made available through the legislative bill. Sen. Case, S. Dak. withdrew his appeal of a ruling by the chair overruling his point of order that this provision was an appropriation in a legislative bill. Sen. Dirksen inserted a statement on the probable impact on CCC, REA, and Farmers Home Administration if appropriations were required of all agencies receiving borrowing authority from the Treasury through authorizations (pp. 11425, 11428).

By Sen. Humphrey, to provide that earmarked funds (under sec. 402 of the Mutual Security Act providing for financing of the export and sale for foreign currencies of farm goods) "can be used for financing grants of surplus agricultural commodities as well as sales for foreign currencies," and for maximum use of surplus foods made available to foreign countries for domestic distribution to the needy as well (p. 11474).

By Sen. Javits, to provide for studies from time to time concerning the role of private enterprise in the foreign policy of the U. S. (p. 11473).

8. LEGISLATIVE PROGRAM. Sen. Johnson announced that the calendar will be called Mon., July 6. p. 11470

9. ADJOURNED until Mon., July 6. p. 11495

HOUSE

10. MINERALS. A subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee H. Con. Res. 177, 178, 179, 180, 181, 182, 183, 184, and 189, expressing the sense of Congress for aid to the domestic mining and minerals industries. p. D563

11. ADJOURNED until Mon., July 6. p. 11505

ITEMS IN APPENDIX

12. WATER RESOURCES. Extension of remarks of Sen. Kerr inserting his recent address describing the value of and the progressive development of the water resources in Okla. pp. A5724-5

13. FOREST PRODUCTS. Extension of remarks of Sen. Neuberger inserting an editorial, "Political Pap Versus Economic Facts," and stating that it "effectively demolishes the false claim that imports of Japanese plywood had depressed the Oregon lumber market during 1957 and 1958." pp. A5725-6

JUNE 27, 1959.

DEAR MR. McDONALD: I have your June 25 letter suggesting I appoint a board to hear evidence and determine all relevant facts in the negotiations between your union and the steel industry.

As you know, Congress in the Taft-Hartley Act authorized the President, in emergencies affecting the national health or safety, to appoint boards of inquiry for fact-finding in labor and management disputes. In limiting this authority to emergencies, Congress, in my opinion, acted wisely, and I do not believe it would be in the national interest for me to follow your suggestion. Congress has also provided for conciliation and mediation through the Federal Mediation and Conciliation Service, and that service stands ready at any time to assist the parties to reach agreement.

I suggest to both parties to this dispute that they continue to bargain without interruption of production until all of the terms and conditions of a new contract are agreed upon. Acceptance of this suggestion, I am sure, will be in the interest of the steelworkers, the steel companies, and the public.

It was reassuring to note the statements in your letter that the "Federal Government should not interfere with the actual bargaining process" and that "the final settlement should be and will be made by the parties themselves." I think that you and I are in agreement that free voluntary collective bargaining is an integral part of the American democratic way of life.

With best wishes.

Sincerely,

DWIGHT D. EISENHOWER.

[From the Washington Post, June 30, 1959]

SLAP AT THE PRESIDENT

The steel industry will hardly be able to convince anyone that it wants to avoid a strike after the hard-nosed statement issued by its chief negotiator, R. Conrad Cooper. Mr. Cooper's reiteration of the companies' demand for a wage freeze was a slap in the face for President Eisenhower, coming as it did just after he had intervened to arrange a postponement of the strike deadline.

The postponement was hardly a concession by labor; a strike will hurt the union much more than the companies, most of which expect to recoup later in the year any losses resulting from a shutdown. But even so, the truce period might have been employed for a mutual reexamination of positions by both sides. Surely this was the least deference the companies might have paid to the general public interest in the peaceful settlement of contract disputes in such key industries.

What seems all the more clear from the tough company line is that Big Steel is ready for a strike and would find it a not unwelcome psychological preparation for the price increases certain to accompany the slightest concession to labor's demands. Without a strike, the companies might have a harder time explaining the fresh swing up the inflation spiral which now seems nearly inevitable. The unhappy fact is that while the President won a truce, he has not effectively marshaled public opinion behind a noninflationary settlement; and so the cynical company-union game goes on.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I have conferred with the distinguished minority leader, whose amendment is pending before the Senate, and also with the distinguished Senator from Arizona [Mr. HAYDEN], the chairman of the Committee on Appropriations.

It has been agreed that I shall submit, on behalf of the minority leader and myself, an amendment in the nature of a substitute for the Dirksen amendment. I shall offer the substitute amendment on condition that the appeal from the decision of the Chair be withdrawn.

The amendment in the nature of a substitute for the Dirksen amendment provides, roughly, that there shall be authorized to be appropriated \$2 billion over the next 2 years, not more than \$750 million of which shall be available in the first year.

This proposal is not acceptable to the distinguished Senator from Arkansas [Mr. FULBRIGHT], the chairman of the Committee on Foreign Relations. As we know, the committee voted overwhelmingly, by a vote of 11 to 4, to provide \$1 billion a year for 5 years.

In view of the situation which exists in the Senate; in view of the fact that ours is a tripartite Government; in view of the fact that Congress is not a unicameral legislature, and we must consider the views of the Members of the House; and in view of the fact that next year will be an election year, and that, under the Constitution, there will certainly be a new President, who will have his own program, it is felt, after taking all these factors into consideration, that it is the better part of wisdom to provide an authorization for 2 years, and authorize to be appropriated to the President for the first year not to exceed \$750 million, which is almost the amount of his budget request, and not to exceed \$1,250 million for the next year.

Mr. President, with that statement, I ask unanimous consent that the appeal from the decision of the Chair be withdrawn.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. CASE of South Dakota. I believe the distinguished majority leader has made a fair statement of the situation. With the presentation of the amendment, which I understand will be offered on behalf of himself and the distinguished minority leader, the bill will be in the form in which I felt it should be when I raised my point of order.

With that understanding, I agree to the withdrawal of the appeal from the decision of the Chair.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and unanimous consent is granted to withdraw the appeal from the decision of the Chair.

Mr. JOHNSON of Texas. Mr. President, on behalf of myself and the minor-

ity leader, I offer an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 16, beginning with line 13, it is proposed to strike out all through line 13 on page 17 and insert in lieu thereof the following:

SEC. 203. CAPITALIZATION.—There is hereby authorized to be appropriated to the President at any time after enactment of the Mutual Security Act of 1959 without fiscal year limitation for advances to the Fund after June 30, 1959, not to exceed \$2,000,000,000 of which not to exceed \$750,000,000 may be advanced prior to July 1, 1960, not to exceed an additional \$1,250,000,000 may be advanced prior to July 1, 1961.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute for the amendment of the Senator from Illinois [Mr. DIRKSEN], offered by the Senator from Texas for himself and the Senator from Illinois.

The amendment in the nature of a substitute was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the amendment in the nature of a substitute was agreed to.

Mr. DIRKSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DIRKSEN. Mr. President, in our discussion this morning, I made the following suggestion to the majority leader: It is quite evident that this question will arise again from time to time. I believe there should be a Senate resolution to instruct the Committee on Rules and Administration to give consideration to this problem all over again. After all, this matter is a challenge to Congress, and it is a challenge to every agency of the Government.

We do have an understanding that a resolution will be developed, under which the Committee on Rules and Administration can give the subject further attention in the hope that this difficulty will be settled.

Mr. JOHNSON of Texas. I quite agree with the distinguished minority leader. I have talked with the chairman of the Committee on Appropriations and the chairman of the Committee on Rules and Administration about the matter. I will work with the Parliamentarian in the next few days in an attempt to have some material prepared and submitted to the Committee on Rules and Administration.

Mr. President, I ask that the order for years and nays on the Dirksen amendment, as amended, be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I ask for action on the Dirksen amendment, as amended.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Illinois, as amended, is agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by

which the amendment of the Senator from Illinois, as amended, was agreed to.

Mr. DIRKSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JOHNSON of Texas. Mr. President, I hope that after the Senator from Louisiana speaks, we shall be able to obtain a unanimous-consent agreement in regard to the other amendments, because I am very anxious to have Senators be able to return to their States, if at all possible, over the weekend; and I hope that Senators will postpone until the early part of next week any speeches on any other subjects.

Mr. FULBRIGHT. Mr. President, I wish to say just a word or two about the action taken just now by the Senate.

In view of the situation which developed last night, and the vote which was taken, it was quite obvious that Senators who wished to prevent the granting of long-term borrowing authority were in the majority; those on our side lacked the votes required to table the appeal from the decision of the Chair.

I want the RECORD to show clearly that I strongly disapproved of the action taken last night by the Senate, and I also disapprove of the action taken just now by the Senate, but with the reservation that I could see no alternative. I could see no possibility of sustaining the decision of the Chair. Thus, the Senate might have created a precedent that not only would be disastrous to the foreign-aid program and the Development Loan Fund, but also, I believe, it would have had ramifications which would have impaired many other programs which are extremely important to the country. I cannot overstate my regret at what the Senate has done.

The morning newspaper has published a very significant article, by Mr. Alsop, and based on an interview between Averell Harriman and Mr. Khrushchev, in regard to the increasing belligerence of the Russian Government. I think the thesis of the article probably is correct, and I believe the main reason for the situation to which the article refers is that the Russians sense that our Government is practically immobilized and wholly ineffective in dealing with foreign relations.

The action taken just now by the Senate is further evidence that we have tied our hands so that we cannot plan an effective program. We insist on subjecting the development-loan program—which represents a shift in emphasis away from grant aid—to the annual appropriations procedure of the House and the Senate, a procedure which already is inadequate for meeting the needs in the foreign field.

I spoke on this matter last night, and later on I shall speak on it again. But at the moment I wish to make clear that I think the action taken just now by the Senate is one of the most disastrous actions taken in the Senate since I have been a Member. So far as I can see, it gives no hope that we can develop an effective foreign-aid program. A 2-year program such as that just adopted is no better than 1 year, so long as the appro-

priations must be made each year. This year the House Appropriations Committee has indicated that it feels no obligation to appropriate anything in this field—as it indicated in connection with the appropriation bill of this year. So I think we face a disastrous situation.

I do not know what can be done about it. If the Senate chooses not to play a part in the international scene, and if it chooses to let the Russians take the lead in the competitive coexistence field, in the competition for the allegiance of the underdeveloped countries, and if those countries feel that we are not to play a part—even though we have the power to compete effectively—then I deeply regret the situation. I do not know what I can do about it. A little later I shall have more to say about it.

Mr. MCGEE. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. MCGEE. Can the Senator from Arkansas point out to me in the morning press any discussion of the action taken last night by the Senate?

Mr. FULBRIGHT. That is one of the most discouraging features. This morning I looked in the Washington Post. I saw big headlines regarding the Mack case, which involves the assignment of a television circuit. But on the front page of the Post there was not one word—in fact, I could not find anywhere in the Post any word—about one of the most significant questions which has ever been before the Senate, because it involves many of the most important measures which have been before the Senate.

Mr. ROBERTSON. The item was about 2 inches long, and was buried in the newspaper.

Mr. FULBRIGHT. I could not find even that—which indicates that the Washington Post has not the slightest idea of what is involved.

Mr. MCGEE. Does the Senator from Arkansas agree that not only the Senate but also the press has the great obligation of trying to bring to the people of the country an understanding of the importance of these matters?

Mr. FULBRIGHT. Certainly that is true. But the press seems to be interested only in such things as the misdemeanors of someone in the Communications Commission.

Mr. MCGEE. I certainly wish to compliment the chairman of the Foreign Relations Committee for his stand on this matter and for his forthrightness in regard to the situation in the years ahead. I share every one of his convictions in this regard, and I am delighted to have a chance to say so.

Mr. FULBRIGHT. I thank the Senator from Wyoming. We shall discuss the matter further.

But at this point I wish to state how disappointing the action is and how disastrous it is to the future of the country. In effect, the Government is prohibited from planning more than a 1-year program in connection with the effort to help develop the vast areas of what we call the underdeveloped parts of the world. I can imagine the sad effect of our action on countries such as India

and countries in Africa and in Latin America, when they learn that their great friend, the United States of America, is helpless to make plans beyond the next 12 months, whereas every day they read about the Russians undertaking a new 7-year plan, and so forth—all kinds of plans, not only to develop Russia, but also to undertake such things as construction of the Aswan Dam. According to the morning newspapers, Russia is advancing \$92 million for the first stage of that dam; and the Egyptians are looking for assistance in connection with the second stage. Of course, as a result of the action the Senate has taken, the United States cannot play any part in that development or in any other development of that sort—although perhaps Egypt can obtain the necessary assistance from Luxembourg or from Holland. But the United States will not be able to play any part in that development or in any similar one.

Mr. MANSFIELD. Mr. President, I have two amendments to submit; but first I yield to the Senator from Vermont [Mr. AIKEN].

Mr. AIKEN. I thank the Senator from Montana.

Mr. President, I wish to say that I think the Senate has taken the only possible way out of the dilemma in which it found itself in connection with the point of order and the decision of the Chair on yesterday afternoon.

Although we have worked our way out of this dilemma, I wish to say that we are still not providing the most flexible way for operating the Development Loan Fund. Of course it is not feasible for the Development Loan Fund, which carries on services in the nature of a banking business, to close its doors once a year, without having any sure knowledge of whether they will be open the next day. Certainly that would not work for banking, and certainly it would not work to the best advantage with the Development Loan Fund.

I had believed that the bill as reported by the committee carried a rather larger amount than was necessary—\$1 billion a year. Possibly it would not be necessary to extend it for 5 years. I had thought that an extension for 3 years, with \$750 million a year being made available, would be adequate at least to give the plan a very thorough trial.

However, the action taken this morning by the Senate provides for \$2 billion over a 2-year period; and that will give us 2 years more experience. But by the time that 2 years is over, I certainly hope we shall put our mutual aid and foreign-aid programs on a sounder, more workable basis than the present one.

I hope we shall work away from direct grants to foreign countries, to loans, even though there may be some questions as to whether all the loans may be collectable in the future. A loan program, rather than grants, gives us better standing and gives the people with whom we do business better understanding. After all, grants, which commonly are called handouts, arouse some resentment in this country and also in the recipient countries.

So, Mr. President, under the circumstances, the action taken this morning by the Senate is probably the best thing we could do.

The point of order raised yesterday carried implications which extended far beyond the provisions of the mutual security bill on which we are now acting. Undoubtedly it is well that those implications should not be raised at this time—involving, as they do, many other agencies of the Government.

Mr. HOLLAND. Mr. President, will the Senator from Montana yield to me?

Mr. MANSFIELD. I yield.

Mr. HOLLAND. Mr. President, I wish to congratulate the Senator from Arkansas and those who, with him, made the report on the item in the bill which we were considering yesterday, on the amendment they have offered this morning and on their whole attitude of being willing to reexamine and compromise this situation.

Mr. FULBRIGHT. Mr. President, if the Senator will yield, let me say that he should not congratulate me. I had no responsibility for that. The full credit is due to others. I object to it; I think it is a disastrous development, as I tried to say. I appreciate the intentions of the Senator from Florida, but I deserve absolutely no credit for that.

Mr. HOLLAND. Mr. President, under the circumstances, I withdraw my congratulations. [Laughter.]

But, Mr. President, I still feel very kindly toward the distinguished Senator from Arkansas, because, as I pointed out yesterday on the floor, he was entirely frank in the report of his committee which made completely clear the purpose of the committee—namely, to accomplish the appropriation at this time of \$5 billion, over a period of 5 years, plus any repayments which might be made on the loans, for the Development Loan Fund. I think he is to be congratulated for having been so completely frank with the Senate. On that score, I am sure the Senator from Arkansas will accept my congratulations.

Mr. FULBRIGHT. I accept the congratulations on that. I never want to deceive the Senate. I wanted to make clear what the situation was.

Mr. HOLLAND. I congratulate those responsible for the compromise.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. JOHNSON of Texas. The one who first suggested an approach of this nature was the Senator from Florida.

Mr. HOLLAND. I thank the distinguished Senator.

Mr. JOHNSON of Texas. I think it is due to the very wise efforts of the Senator from Oregon and the learned speech he delivered in such an able manner last evening that gave Senators a chance to review the situation and see the chaos that might result if the decision of the Chair were overridden. I read that speech early this morning and talked to a number of senior Members of this body, including the chairman of the Foreign Relations Committee.

While the chairman of the Foreign Relations Committee, with my full support, hoped and wanted to have a bill passed of a different nature, we realized this is a tripartite system of government, and that all divisions of it have to be respected. This is not a unicameral but a bicameral legislature. Even if we had sustained the decision of the Chair, we would have had difficulty in the House. If we had proceeded to override the decision of the Chair, the results could have been disconcerting, if not disastrous. We have averted those results because reasonable men thought over the situation and were willing to reason together; and I am grateful that situation prevails in the Senate this morning.

The Senator from Arkansas is a reasonable man. He does not always get all he wants. We all know where he stands. I am happy that, through the efforts of the minority leader, the Senator from Oregon, the Senator from Florida, the Senator from Montana, and many other Senators, this question has temporarily been decided. I think the Committee on Rules and Administration will have a problem before it. I think we are going to have to face up to it. I hope we shall. I hope we can pass the best bill possible so we can go to conference at an early date and be sure that legislation which is necessary to the best interests of this country is enacted as early as possible. I thank the Senator from Florida for his contribution.

Mr. HOLLAND. I thank the distinguished majority leader. Last night, having determined that there were at least five Members of the Senate on this side of the aisle—four other than myself—who felt very keenly on this proposition, but who had heretofore generously supported the mutual aid program, and who preferred the loan feature of the bill under the Development Loan Fund to any grant feature, who could not support the pending bill if the original provision with reference to the Development Loan Fund remained in it, I did go to the majority leader and suggest some change such as the one which has been made.

Mr. President, we all have to be completely frank in discussions of this kind, and certainly the Senator from Arkansas, the distinguished chairman of the Foreign Relations Committee, has been frank with the Senate. I always appreciate his frankness and also his patriotic approach to all problems. I am not out of sympathy with him in any respect except the method of approach to the Development Loan Fund which was employed in this bill.

I may say, and the Senator from Texas well knows this to be the case, that when the supplemental appropriation bill came up a few weeks ago, the item of \$200 million requested for the Development Loan Fund by the administration was approved in the Senate Appropriations Committee on a rollcall vote of 9 to 8, other members being paired upon it. Both the majority leader and I were counted among the 9 who felt that this effort should be sustained and supported, because we so strongly preferred

the loan approach to the grant approach.

I stand ready to continue to support the development loan program; but, Mr. President, I am also quite sensible of the fact that the whole foreign aid program is one that is received by our citizens—who, after all, are the final judges of what we should do or can do—with mixed feelings, and that they have not been sufficiently unanimous in their support of it to make it a matter which can be soundly decided on a 5-year basis without a chance for reexamination within the Appropriations Committee or any appropriate committee from year to year, and from month to month, if that should be necessary.

In letters from my own State, literally hundreds of citizens have protested about one feature or another of the whole foreign aid program. In answering those letters I have made it clear that I felt we should keep the program under constant examination and reexamination, because we all realize that the program involves immense sums of money, and also involves, in a considerable degree, the good will of the rest of the free world toward our Nation, and likewise involves, I think, the question of whether by spending money in foreign aid we can best serve our own interests; and that, after all, is the fundamental question.

So, Mr. President, I am glad that this change in approach has been made. I applaud the distinguished majority leader for his part in bringing about that change. I think it will enable many of us to go ahead and give wholehearted support to this program, as we have in the past, when we could not have done so otherwise.

I am advised by the Senator from Texas that the distinguished minority leader has also taken an active part in this matter. I congratulate him equally. I think it shows sound coordination between the two leaders to adjust the program in such a way as to continue it and to commend it to those who have supported it in the past and who desire to continue in their support of it. So I am happy about the development which has taken place.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HOLLAND. I am glad to yield.

The PRESIDING OFFICER. The Senator from Montana has the floor.

Mr. HOLLAND. I cannot yield, but I wish to say to the Senator from Oregon that while I did not have the pleasure of hearing the Senator last night, I have read his very fine speech. He has made a splendid and scholarly contribution to the consideration of the problem.

Several Senators addressed the Chair.

Mr. MANSFIELD. Mr. President, I have already promised to yield to the distinguished minority leader. Then I shall yield to the Senator from Missouri [Mr. SYMINGTON]. Then I shall yield to the Senator from Oregon [Mr. MORSE].

Mr. HOLLAND. Let me thank the Senator from Montana for yielding to me. I yield back to him now.

Mr. DIRKSEN. Mr. President, I thank the Senator from Florida for his compliments. I hope, if only in small part, they may be deserved.

Mr. President, in the course of the debate on the appeal, a good many speculations were made last night as to the impact of the action upon legislation already enacted. Frankly, I did not by any means share the extravagant estimates which were made. There was occasion to have some of the programs examined to see what the impact would be.

I ask unanimous consent, in connection with my remarks, to have printed in the RECORD a brief statement of the possible effect on the various agencies and various programs now in being.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

I am of the opinion, based on such examination as I could make overnight, that if the Senate overturns the ruling of the Chair, none of the programs mentioned by Senator CAPEHART will cease. Parliamentary action by the Senate will have no effect upon the laws already enacted under which these various agencies and programs are operating. The following brief analyses of the status of each of the agencies and programs mentioned provides information pertinent to this matter:

The Commodity Credit Corporation now borrows from the Treasury and can continue to do so up to the amount specified in its act. At present it goes through the appropriation process to obtain restoration of capital impairment. It has been going around the appropriation process for capital expansion.

The Rural Electrification Administration has borrowing authority but it gets this annually in an appropriation act.

The Farmers' Home Administration has borrowing authority for farm ownership loans, farm operating loans, and soil and water conservation loans—all of it provided annually in appropriation acts. It has a carryover of authority for housing loans provided some years ago.

The Export-Import Bank has substantial borrowing authority which it obtained in the past and would not be affected.

The Housing and Home Finance Agency has had authority to borrow from the Treasury in the past but the House this year, consistent with administration policy, provided that funds should be made available only through the appropriations process. The Senate did not agree.

The International Cooperation Administration obtained borrowing authority in law some time in the past, which would not be affected. The current programs are financed fully through appropriations.

The St. Lawrence Seaway Corporation had authority to borrow money from the Treasury to build the seaway, which is now built.

The Veterans' Administration has been getting borrowing authority for its direct loan program outside the appropriations process. Its program for 1960 would not be affected by this act. The Administration has recommended the termination of this program, but if the Congress continues it, the funds can just as well be provided through appropriations.

The Defense Materials Service of GSA borrows money from the Treasury under long-standing authorization. In 1960 additional funds needed are being provided through the appropriations process.

The U.S. Information Agency received original capital for the Information Media Guaranty Fund through a transfer of borrowing authority from ICA. All its current

moneys are provided through the appropriation process.

The Natural Fibers Revolving Fund of the Army has been closed out for many years.

The Small Business Administration gets all of its financing through the appropriations process.

The maritime programs of the Department of Commerce receive all of their financing through the appropriations process.

The Tennessee Valley Authority finished using its borrowing authority many years ago. It is receiving all of its current money through the appropriations process.

The Banks for Cooperatives have no authority to borrow from the Treasury. The Federal Home Loan banks have standby authority to borrow \$1 billion from the Treasury. This authority is not currently being used and it would not be affected.

The Federal Intermediate Credit banks and the Federal Land banks have no authority to borrow from the Treasury.

The Federal National Mortgage Association has borrowing authority under the Housing and Home Finance Agency programs, as explained above.

The Federal Deposit Insurance Corporation has \$3 billion of standby borrowing authority which has never been used. It would not be affected.

Additional agencies were mentioned by Senator FULBRIGHT during the debate on the appeal, as being in need of financing by public debt transactions. There follow brief reports on them, indicating the possible effect of overturning the ruling of the Chair:

Home Owners' Loan Corporation has been defunct for more than a decade.

The Reconstruction Finance Corporation is out of business and is in the final stages of liquidation.

The International Bank for Reconstruction and Development has standby borrowing authority which is adequate for years to come.

The Federal Savings and Loan Insurance Corporation has standby borrowing authority which it has never used and for which it may never have any need. In any case, this would not be affected.

The Civil Defense loans are an inactive program administered by the Treasury. Over 95 percent of the borrowing authority once provided has never been used. It would not be affected.

Public Law 480 contains no borrowing authority and has no need for any.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. FULBRIGHT. The Senator referred to the effect of Senate action. Does the Senator mean the retroactive effect, or effect in the future of having that kind of action?

Mr. DIRKSEN. Any effect. I have particular reference to the estimates made by the distinguished Senator from Indiana [Mr. CAPEHART]. The Senator may recall, in connection with his remarks, he said the impact would be such and such in the case of one agency and the effect would be such and such in the case of another agency.

Mr. FULBRIGHT. I want to make it clear that I had no fear as to the effect upon programs in the past. It was the effect on programs in the future about which I was concerned.

Mr. MANSFIELD. I yield now to the Senator from Missouri [Mr. SYMINGTON].

Mr. SYMINGTON. I thank the Senator.

May I ask several questions of the chairman of the Foreign Relations Committee, the distinguished Senator from

Arkansas? Is this proposal not a compromise which will result in the continuation of poor business management in the program?

Mr. FULBRIGHT. I think the Senator is correct. One of the principal motivations was an attempt to get away from administration of the program that results in the kind of inefficiency disclosed in the Porter Hardy subcommittee, which found examples of poor administration in Laos and other countries.

One of the principal reasons for giving continuity to the Development Loan Fund was to try to correct such mismanagement as has been evident in the program up to now.

Mr. SYMINGTON. And was that not one of the principal reasons the able Senator made his recommendation?

Mr. FULBRIGHT. The Senator is quite correct. I think the actions which are now being taken will guarantee, on the yearly basis, that we will continue to have very similar poor administration and mismanagement, as we have had in the past.

Mr. SYMINGTON. Was not one of the able Senator's purposes to reduce, if not eliminate, much of the criticism of the mutual security program as a so-called giveaway program, by placing it on the basis of loans?

Mr. FULBRIGHT. That is also very clear. The committee report makes that very clear. This is one aspect of moving away from the grant aid. In committee, the Senator from Montana offered an amendment, which we adopted, I think unanimously, which would require the administration to come forward with a plan to eliminate grant aid. However, we cannot eliminate grant aid unless we take up the vacuum with loans, unless we want simply to give up any struggle at all to hold a place of influence in the world.

Mr. SYMINGTON. Based upon our current gross national product, what we are talking about in the loan field amounts to less than the income of the United States for 1 day?

Mr. FULBRIGHT. Oh, it is considerably less. The Senator referred to the gross national product?

Mr. SYMINGTON. Either the gross national product or the national income.

Mr. FULBRIGHT. The gross national product is estimated at \$465 billion. It may even go above that. We are talking about a lending program, not a giveaway program, of a billion dollars a year for 5 years. That would be in a revolving fund. It would not represent grants, but would be for loans.

People scoff at the idea of loans. People scoffed at the idea of loans under the Marshall plan, but in fact a very substantial percentage of those loans is being repaid and being repaid on time.

Mr. SYMINGTON. Based on past positions of the administration, and actually on recent speeches made by persons high in the administration, did the Senator, when he presented it, have any idea that his program would be rejected this way on the floor of the Senate?

Mr. FULBRIGHT. On the contrary, I was optimistic about it. I thought I had good reason to be convinced that the

most important officials in the administration in the foreign policy field, including the President, would favor the program of the committee. The President 2 years ago officially, in his message to the Congress, endorsed this public debt transaction method of financing; that is, the borrowing authority for a 2-year program.

There was printed in the RECORD some days ago—and much of it was read last night—a speech made by the Under Secretary of State, which I think clearly endorses the principle involved in the committee bill.

I have no doubt in my own mind that Secretary Dillon and Secretary Herter support this procedure. Secretary Herter has not made any speech about it, but, knowing him as I do, I am confident he would have greatly appreciated the enactment of the committee bill.

This is an illustration of the lack of coordination and the apparent inability to bring together in any reasonable manner the administration policies in the foreign field. They all go off in different directions. As I said yesterday, I think what has happened is that the administration has permitted the Secretary of the Treasury to override the Secretary of State and the whole Department of State on the determination of foreign policy.

Mr. SYMINGTON. Mr. President, I am very much impressed by what the able chairman of the Foreign Relations Committee says.

Does the Senator not believe that the action on the part of the administration is "knifing" his program and the program of the Foreign Relations Committee is, in effect, "knifing" the foreign aid program in its entirety?

Mr. FULBRIGHT. I certainly do. As I said a moment ago, I think this is the most disastrous thing which could happen to our foreign aid program. Now it seems as if we are, in a final manner—I hope it will not be final, and I hope some way which I do not now see will be found to remedy the situation—writing off the program for practical purposes. It looks as if we have said we will not undertake more than a 1-year program, because we are going to confine it to appropriations, which means that the Appropriations Committees of the two Houses will be the final determinant of policy in this field, and we will not be able to compete with the Russians in the nonmilitary competition, about which so much is said in the press and elsewhere these days.

Mr. SYMINGTON. Does not the able Senator agree that this economic challenge is a growing challenge for the future, for all free people?

Mr. FULBRIGHT. I think it would be much more healthy for everybody concerned if we engaged in an economic competition rather than a nuclear war competition. I very much fear the alternative to effective and reasonable economic competition will probably be nuclear war competition, because sooner or later this country will, I fear, feel its inadequacy and feel the growing power of Russia. I do not know what will happen when that imbalance may develop.

Mr. DIRKSEN. Mr. President—

Mr. SYMINGTON. Does this raise doubt in the mind of the able chairman about either the sincerity, or the understanding, on the part of the administration about the entire foreign aid program?

Mr. FULBRIGHT. If I have to choose between the two, I am inclined to think it is a lack of understanding on the part of the President.

Mr. SYMINGTON. I agree.

Mr. FULBRIGHT. As to what is actually involved in this controversy.

Mr. SYMINGTON. Apparently he does not understand this program.

Mr. FULBRIGHT. He particularly does not understand the procedures of the congressional branch of the Government. I say that because in the President's official statement on this program 2 years ago, and in at least one, and I think perhaps two, press conferences within the last 2 or 3 months, the President's statements could be interpreted in no other way than that he actually endorsed the objective of the bill under consideration. Yet when the issue is drawn he gives his support to those who deny the means by which to accomplish the objective. Therefore, I can interpret such action only as a lack of understanding of the way the Congress works and the way we go about implementing programs.

Mr. SYMINGTON. Would it not be fair to say that, as these various decisions develop, everything incident to our security and our economic future seems to be subordinated to the importance of the value of money?

Mr. FULBRIGHT. It seems to be that way. The dominant influence is the Treasury—the Bureau of the Budget and the Treasury, certainly, over the foreign aid program.

Mr. SYMINGTON. That is true.

Mr. FULBRIGHT. I think that is true regarding control over the military program, about which the Senator from Missouri knows so much.

Mr. SYMINGTON. We have known for a long time that it has been true in the defense program.

Mr. FULBRIGHT. Speaking of this subject, did the Senator notice an item which was published in the newspapers in regard to a little hospital which was built near the Evreux Air Force Base in Normandy, France, under priority conditions in a great hurry, which was never staffed and never opened? That was a \$5,708,500 hospital at Evreux, France. Apparently the hospital never will be opened. The hospital was built, and those in charge ran off and left it, it is said in the morning newspaper. This is an example of why we talk about waste in the foreign aid program.

Mr. SYMINGTON. The Senator will agree, will he not, that no private business could be operated on the basis of a 1-year program?

Mr. FULBRIGHT. I agree.

Mr. SYMINGTON. A private business could not be operated efficiently under that limitation. Waste would be bound to occur.

Mr. FULBRIGHT. The Senator is a businessman. Does the Senator know

of any business in this country operating in that manner? I think we can say that business in this country is run pretty well. The one thing America has excelled in is business—big business.

Mr. SYMINGTON. That is right.

Mr. FULBRIGHT. Does the Senator know of any business which says, "We cannot look beyond 12 months. We cannot plan for more than 12 months. Nobody wants to hear anything related to more than 12 months"?

Mr. SYMINGTON. No business could operate successfully like that for long.

Mr. FULBRIGHT. Does the Senator think that General Motors does not plan beyond 12 months, when it plans a research program or plans how it will develop the industry?

Mr. SYMINGTON. Mr. President, in my opinion the able Senator from Arkansas probably more thoroughly understands the problems of our relationships with other countries than any other Member of this body.

Does not the Senator believe that this position on the part of the administration has further hurt our position as the leader of the free, all over the world; that is, not only with our friends and allies, but also with the Iron Curtain countries who are now weighing our physical and economic strength?

Mr. FULBRIGHT. The Senator is quite correct. I think the effect of this action will be that our friends will feel very sad and will have a certain sense of helplessness. They will think they cannot expect any effective assistance in the economic field from the United States. Our antagonists, as was discussed in the morning newspapers, will feel that they have nothing particular to fear from the United States. If the United States cannot plan beyond 1 year, on a relatively small amount, our antagonists need not worry too much; and therefore, there is no reason to be very conciliatory over things such as the Berlin problem, because the Americans are not able to pursue an effective and positive program in the international field. I think this is one of the explanations of the growing intransigence of the Russian Government today.

Mr. SYMINGTON. Mr. President, I again congratulate the able Senator from Arkansas for the clarity of his reasoning. I think the problem before us is a major one. Sometimes some of us are criticized for criticizing the type of leadership which is characteristic of this administration; but if anybody has any doubt about the nature of this leadership with respect to some of the most important problems the American people face today, all he or she has to do is read the talk given the night before last by the able Senator from Arkansas, or the talk given last night by the able Senator from Oregon, and read the RECORD to learn what dominates the administration's thinking when it comes to our relationships with other countries in the world today.

Mr. DIRKSEN. Mr. President—

Mr. MANSFIELD. I yield to the Senator from Illinois.

Mr. SYMINGTON. I thank the distinguished Senator from Montana for yielding to me.

Mr. HOLLAND. Mr. President, will the Senator from Montana yield to me for a moment?

Mr. MANSFIELD. I have yielded to the Senator from Illinois, and I have promised to yield to the Senator from Oregon.

Mr. DIRKSEN. I hope the distinguished Senator from Missouri will not leave the Chamber.

Mr. SYMINGTON. I shall be glad to stay on the floor and listen to what my able friend from Illinois has to say.

Mr. DIRKSEN. Mr. President, I never cease to marvel, in the best of spirits, at some of the comments which are made on the floor, as if a great President, with a great background, has no understanding or no sincerity, as the language is used, with respect to the foreign aid program.

The merits of the program were not before us in this struggle. The question which was deposited on the doorstep of the Senate was whether we were going to follow an accepted technique which has been standard under the Senate rules, or whether we were going to use another technique which has developed over a long period of years for the purpose of tapping the Treasury and virtually bypassing the Congress.

It has been said, Mr. President, that this free government is a good deal like an old water-logged scow, "It don't go very far at one time, and it don't go very fast, but it never sinks."

If we were to use long-range techniques in connection with everything, I wonder what would happen if we thought in terms of a 10-year price-support program, with the losses involved, if there were no surveillance by the Congress and the Appropriations Committees; and if we injected ourselves into all domestic programs in the manner proposed here, without coming back to that branch of the Government which President Monroe characterized as its core and its most important branch, namely, the legislative branch.

What we said last night when we refused to lay the appeal on the table was, in effect, "Come back here. The people's elected representatives want to take a look." We are entitled to take a look; and that is the reason why we have a continuing, sustained, free Government today, under which the elected representatives of the people have an opportunity, if they wish to do so, to follow every dollar from its source to the incidence of expenditure, in the interest of the public treasury.

The compromise which was adopted today did not involve the question of foreign aid, as such, or the policy. It speaks for itself. Rational people may disagree, but that was not the issue before the Senate.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SYMINGTON. Is it not correct that only 2 years ago the able and distinguished minority leader voted for the extended loan setup in mutual aid, on the borrowing plan, as against the so-called giveaway programs?

Mr. DIRKSEN. It is entirely possible; and that was the reason for the amendment on a 3-year basis.

Mr. SYMINGTON. Why the shift today?

Mr. DIRKSEN. It was not a shift. Three years is a long time in my book.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. FULBRIGHT. Two years ago the Senator from Illinois voted to sustain the President's proposal for a borrowing authority for 2 years. It was the President's recommendation. I cited page and chapter to show how the Senator voted 2 years ago. There is no question about it. The Senate, by a vote of almost 2 to 1, defeated a motion to eliminate that borrowing authority.

Now there is a completely different approach. The Senator says the proposed method is novel. The Senator supported it 2 years ago.

Mr. DIRKSEN. Conditions were different then, for one thing.

Mr. FULBRIGHT. What conditions?

Mr. DIRKSEN. There are a great many differences in conditions.

Mr. FULBRIGHT. The Treasury dominates everything now. What conditions were different, other than the present dominance of the Treasury? Foreign conditions are certainly no better. The Senator does not believe that the need in the foreign field is any less, does he? It is greater.

Mr. DIRKSEN. More countries have been wrecked on the rocks of irresponsible and loose fiscal operation than from any other cause a person can name. When we get into difficulties we become realists. I may have done as the Senator describes 2 years ago; and I make no apology for it whatsoever. Once upon a time I opposed the entire foreign aid program. That was when bubble gum was being bought for the children in Belgium, and all that sort of nonsense.

People may ask, "Why did you change your tune?" I changed it because the program was put on a pretty good basis, and I could support it. The Senator can cite the record and dig up old ghosts, but, in my judgment, they are absolutely meaningless. I will not be harassed by what Emerson called a foolish consistency.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SYMINGTON. Are we not completely subordinating our foreign policy and defense policy to fiscal priority exclusively, regardless of our security and regardless of our relationships in the free world?

Mr. DIRKSEN. The answer is simply this: The recipients of the largesse under this bill are in their condition in large part, at least, because of their fiscal difficulties. So, if the country which administers these benevolences, if we wish to call them that, should founder on the same rocks, what would any foreign aid program mean? Our first line is the fiscal integrity of the country.

Mr. SYMINGTON. The first line—

Mr. DIRKSEN. The first line is the fiscal integrity of the country.

Mr. SYMINGTON. Regardless of our national security—and there can be different definitions of what is fiscal security—everything else is worthless. Is that correct?

Mr. DIRKSEN. How effective can we be in administering any program whatsoever, and how far will we get with the people of the country, who are the source and fountain of all power, if we start going down the fiscal drain?

Mr. SYMINGTON. Where did this apprehension about the dollar originate? Did it arise by reason of the fact that bankers in foreign countries warned the administration that because of such things as gold leaving this country, the value of the dollar would be affected and that that might be disastrous?

Mr. DIRKSEN. I have no pipeline into the minds of foreign bankers, but there is one thing I understand, and that is two paragraphs in a letter which the President wrote to the distinguished chairman of the Foreign Relations Committee, to which he alluded yesterday. The letter is dated June 4, 1959. If the Senator will indulge me for 30 seconds, I will read them. The letter appears on page 11317 of the CONGRESSIONAL RECORD for July 1, 1959. These are the paragraphs to which I refer:

In my budget message this year, because of the growing tendency to bypass the appropriations procedure, I said, "I sincerely hope that the Congress will again consider ways by which it can more effectively overcome * * * the provision of new obligational authority outside of the appropriations process * * *." This is now established administration policy, and recommendations of previous years for spending from debt receipts that were made while such policy was being formulated must yield to it. Accordingly I do not look with favor upon the provisions of your amendments which authorize the Development Loan Fund to borrow from the Treasury.

I believe our common objective can best be accomplished through a long-term authorization of appropriations in reasonable amounts, together with the concurrent enactment in one appropriation bill of appropriations for each of the years for which the program is authorized—a specified appropriation for each year, each appropriation to remain available until expended.

That is what we sought to do last night. That is what we did today.

Mr. SYMINGTON. Mr. President—

Mr. DIRKSEN. That I can understand. I do not know what goes on in the minds of financiers 3,000 miles away.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I do not have the floor.

Mr. SYMINGTON. I make one observation.

The able minority leader has just shown clearly the complete, 180-degree switch in the President's position.

There was a time in England in the thirties when the Chancellor of the Exchequer, who corresponds to our Secretary of the Treasury, notified various other members of the Government that the first line of defense of the British people was the economy of that country, and therefore they could not afford to go ahead with their recommended defenses. Shortly thereafter they were in the Bat-

tle of Britain. I doubt if there is a comparable analogy between the activities of Stanley Baldwin, Sir John Simon, and Neville Chamberlain as against the situation we have today; but it seems to me that, just as there were people who opposed the actions of Baldwin and Chamberlain, including well-known people like Mr. Winston Churchill, so it is heartening to see people like the distinguished Senator from Arkansas [Mr. FULBRIGHT], chairman of the Senate Committee on Foreign Relations, take issue with the President, when the latter says, "In my opinion the most important thing in the United States today is the value of the dollar."

Mr. DIRKSEN. The President has never uttered that kind of sentiment. The President has never made that kind of statement. No such allegation should be made on the Senate floor by any responsible Senator.

Mr. SYMINGTON. The Senator himself referred to the first line of defense.

Mr. DIRKSEN. I said that the fiscal integrity of the country adds up to our capacity to carry on the very program which is before us at the present time.

Mr. SYMINGTON. I am glad this question has reached the floor of the Senate.

Mr. DIRKSEN. The Senator from Missouri should make no such allegation about the President of the United States.

Mr. SYMINGTON. The Senator from Missouri has great respect for the President of the United States. The Senator from Missouri has great admiration for many things the President of the United States has done.

On the other hand, I represent, in part, the people of Missouri, and I have a right to my opinion, just as the distinguished minority leader has a right to his opinion.

My assertion is that, based upon what the Senator has just read, the President of the United States has reversed his position 180 degrees in the past 2 years, with respect to the way mutual security should be handled.

Mr. DIRKSEN. The Senator from Missouri absolutely misinterprets what the President said in his letter to the Senator from Arkansas. He was dealing with fiscal procedure, and nothing more. It does not involve the heart, the conscience, the attitude, or the humanity of the President of the United States. It is his respect for that kind of solid procedure that adds up to a sound, solid country.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. FULBRIGHT. I cannot accept that statement at all. It leaves a completely false impression.

Mr. MANSFIELD. Mr. President, unless the Senator from Illinois wants to speak further on this subject, I shall have to yield to the Senator from Florida.

Mr. DIRKSEN. I have no interest in laboring the question. The letter speaks for itself.

Mr. FULBRIGHT. To say that we are interested only in procedure is

highly inaccurate. The procedure is the very crux of the matter. Two years ago, the President's procedural recommendation was exactly the opposite of what the letter says. It was procedure which was involved in the vote to which I referred a moment ago. The Senator from Illinois and I were on the same side at that time. Two years ago the great majority of the Senate also was on that side. So were the President and the Senator from Illinois. The great majority of the Republicans went along with that viewpoint. They supported the President then.

Now the President has changed his view. He says nothing is involved but procedure. But procedure is the very guts of the matter. The only way to get a continuing program, which the President has supported every time he has been asked about it, is to insure its continuity. The President was asked about it in a recent press conference. He said that he did indeed desire a continuing program. Now the Senator from Illinois denies the President the only practical way to have a continuing program. His position is utterly inconsistent.

I am confident the President does not understand the situation. Never having been a member of a legislative body, certainly never having been a member of either House of the Congress, the President does not understand that the only way to have a continuing program, which he has said he favors, is to have a borrowing authority, which he recommended 2 years ago and which the committee recommended in this bill.

The Senator from Illinois has been a Member of the House. He knows very well that there can be no assurance of a continuing program, none whatever, without borrowing authority. The Senator from Illinois knows very well that this technique we are discussing has been proposed in order to achieve continuity. To say that it is merely a minor matter of procedure is a misrepresentation of the essential quality of the question in dispute. If any further evidence of that is needed, the House of Representatives demonstrated it this year when they refused to give the President what he requested. The President asked for \$250 million. They refused to give him anything. It was only after great labor on the part of the Senate that the President received approximately half of what he asked for.

Mr. DIRKSEN. Mr. President, I shall let the letter speak for itself. It is couched in good English. I understand it. It requires no interpretation on my part.

I am grateful to the Senator from Montana for yielding to me.

Mr. MANSFIELD. I now yield to the Senator from Florida.

Mr. HOLLAND. Mr. President, I deeply regret that any question of partisanship has been injected into this matter, because I think it is inappropriate. I have complete respect for the patriotism and high honor of the Senator from Missouri [Mr. SYMINGTON] and the Senator from Arkansas [Mr. FULBRIGHT]. I have equal respect for the

Senator from Illinois [Mr. DIRKSEN] and the Senator from South Dakota [Mr. CASE], who raised the question last night.

Incidentally, I remind the Senate that the point of order was raised not by members of the Committee on Appropriations, and not with any knowledge on the part of any member of the Committee on Appropriations, so far as I know.

We are all trying to get that done which will be best for our people. Anyone who suggests otherwise will, of course, regret later that he has made any such suggestion.

So far as I am concerned, I did not have the pleasure of seeing the letter from the President of the United States to the Senator from Arkansas. My position taken on the floor yesterday, and taken when I spoke to the majority leader last night, was based upon my own convictions wholly and solely, because I felt I wanted to be able to continue to support a sound, wholesome foreign aid program. I did not think the provisions contained in the bill as reported, dealing with the Development Loan Fund, were in accord with the best interests of the country.

Let us get away from any question of partisanship. I remind the Senate that the majority leader, who certainly is entitled to be as partisan as any Member of this body, was instrumental in having raised the question looking to a compromise. I understand he had the strong support, backing, and assistance of the minority leader. I think the Members of the Senate on both sides of the aisle should be grateful for the fact that our leaders can cooperate, in the interest of their country, to solve an impasse which was threatening the entire substance of the bill and its very passage.

Comment has been made about the fact that any important public business cannot get along on a 2-year basis. I think the Senator who made that statement has forgotten entirely the constitutional provision under which appropriations cannot be made for the Army of the United States on a basis longer than 2 years.

I think the compromise as worked out, and for which I again congratulate the majority leader and the minority leader, is in the interest of sound procedure, in the interest of preserving the integrity of the fiscal stability of the United States, and also in the interest of satisfying the many millions of people throughout the country who are skeptical of this whole program and who will want to see it reviewed from year to year.

I hope we shall never reach the stage where any Senator can be charged with having done something improper when he has stood up and insisted upon maintaining the fiscal integrity of the Nation. I had the pleasure of going into Canada last weekend as one of a delegation from the Senate. I know, from the remarks made to me by other Senators, that one of the most impressive and one of the most disappointing things which we had called vividly to our attention was the fact that our dollar is worth only 95 cents in Canadian money. Anyone who

refuses to recognize that fact, and who refuses to recognize the fact that Congress, representing all the people, must have the chance to assert its responsibility and to examine into spending programs and to keep them under constant revision, and supervision, I think, is far astray.

I hope we may now move ahead in handling a bill which is of immense importance to us, not simply to those whom we shall help. I would not favor such a bill if I did not believe that foreign aid, properly administered, particularly through a loan fund, is of the greatest effect and meaning to ourselves in serving our own interests and preserving our own security.

I thank the Senator from Montana for yielding to me.

Mr. FULBRIGHT. Mr. President, will the Senator from Montana yield so that I may make one observation?

Mr. MANSFIELD. I yield.

Mr. FULBRIGHT. In the first place, I deny that there is any partisanship in these observations. It is not partisan to question the judgment of the President or of anybody else. I do not question the President's motives. I have no idea of questioning his motives or his partisanship. As a matter of fact, the Senator from Vermont [Mr. Aiken] and the Senator from Indiana [Mr. Capehart] are among the most enthusiastic supporters of the proposal reported by the committee.

For the Senator from Florida to say that this is a partisan debate is, I think, wholly uncalled for. There is nothing partisan about it. I question the President's judgment. I see nothing wrong or partisan in saying that. As the vote would indicate, certainly both parties are divided, as they were last night.

As to the matter of fiscal responsibility, that is a very big subject to try to deal with here. But it is common knowledge, of course, that only a few years ago, in 1954, this body, at the request of the administration, in fact, with very strong pressure from the administration, reduced taxes by \$7 billion. It was not with my vote, because I voted against it. Now the administration talks about fiscal responsibility.

Mr. President, the United States is not bankrupt. The stock market hit a new all-time high yesterday. More Cadillacs were sold in the first 6 months of this year than in any other year in our history, and Cadillacs are continuing to be sold.

The country's gross national product is at an all-time high. Still the administration talks about fiscal responsibility. We have no fiscal difficulty in the sense that the country is broke. Our real difficulty is this administration's refusal to provide adequate funds for carrying on some of the programs—at least, the foreign-aid program.

I cannot speak for the military program, although I must say there is a large amount of waste in the military program according to what we read in the morning newspapers.

The solution to the terrible condition which the Senator from Florida cited with respect to our dollar and the

Canadian dollar is a very simple one. All that is necessary is to balance the budget by increasing our income, if that is necessary. I think probably it will be. I thought in 1954 that it was improvident and foolish, under the existing situation, to reduce taxes by \$7 billion. What resulted from that action? A very severe inflation. Many troubles grew out of that action. That is a big subject.

For the Senator from Florida to inject partisanship into the debate is wholly uncalled for. Are we not even to question the wisdom of the actions of the various leaders? It seems to me it is ridiculous to say that we cannot do that. I guarantee that I said nothing about the President's motives. I think that perhaps, would be a different matter and could be called partisan.

Mr. MANSFIELD. I yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, I do not care to get into the question of motives. I was interested in what the Senator from Arkansas said. It happens he was at one time chairman of the Committee on Banking and Currency.

Now as to this question of fiscal integrity. The United States today is in excellent shape. It is in better shape financially than any country has ever been in the history of the world.

It is interesting to observe we are constantly told by other Members of this body of the importance of doing the things which are necessary to insure fiscal integrity, when it was only a few hours ago that the fiscal year 1959 ended.

Note that, despite all the apprehension about fiscal integrity and the criticism of spending large sums of money, when the fiscal year closed we found that in the last 12 months we had the greatest peacetime deficit which any country has ever had in the history of the world. That, I think, shows much about who is interested in fiscal solidity and who is not.

Mr. MANSFIELD. Mr. President, I shall yield first to the Senator from Oregon, and then to the Senator from South Dakota, and then to myself.

Mr. MORSE. Mr. President, first I want the counsel of the Senator from Montana. The Senator from Montana kindly heard me through last night, and will recall that I asked for the preparation of a memorandum of some parliamentary points which I raised, expecting to use the memorandum the next morning on the merits of the then pending appeal.

I have the memorandum, and I wish to use it. But in its use, I shall accommodate myself to the leadership.

However, the memorandum needs to be used in the debate on this matter, because we are not through with the issue which was before us on yesterday. In my judgment, this issue, by way of a formal presentation, should go to the Committee on Rules and Administration; and the matter should be settled once and for all, for the future, by way of precedent.

Therefore, it seems to me this is not the most appropriate time for me to

discuss the memorandum, which consists of approximately 6½ pages. If the Senator from Montana would like me to postpone my discussion of the memorandum, I shall be glad to do so until our consideration of the subject matter now before us is concluded. Would that be the preference of the Senator from Montana?

Mr. MANSFIELD. I shall appreciate that course. I think there should be a larger attendance of Senators when that discussion is had.

Mr. MORSE. I do not care about the size of the audience; I speak only for the RECORD, for that is what is important. But I shall postpone my presentation.

At this time I shall comment on the matter now before the Senate, as follows: I want the Senator from Arkansas [Mr. Fulbright] to know that I stand solidly behind him on the position he has taken on the Development Loan Fund.

I wish to comment on the statement made by the spokesman of the administration then before our committee, Mr. Dillon. I recall very well—and the printed hearings are available to all Senators—that Mr. Dillon made very clear to us that he did not approve of the approach the Senator from Arkansas was making; and Mr. Dillon made clear that he had his obligations to the President, and that he was going to fulfill those obligations, by carrying out the policy of the administration.

But the position of the State Department—to my knowledge, as a member of the Foreign Relations Committee—for some time has been the position as stated by the Senator from Arkansas, the chairman of our committee—namely, that it favors the Development Loan Fund approach.

I shall postpone until a later time further discussion of what I consider to be the importance of protecting the Foreign Relations Committee in developing legislation based upon debt transactions for the implementation of American foreign policy.

If one examines the Senate rule in regard to the jurisdiction of the Foreign Relations Committee, he will see that the rule specifically provides that the Foreign Relations Committee shall have jurisdiction over foreign loans. As I said last night, the jurisdiction of the Appropriations Committee relates to matters in connection with the expenses of the Government.

In closing, I wish to say that I also desire to take my stand behind and in support of the general thesis of the Senator from Missouri [Mr. Symington] in regard to what I call the inconsistency of the position taken by the President. The public statement the Senator from Arkansas [Mr. Fulbright] has made over and over again—both in our committee, in the hearings, in his examination of Mr. Dillon, in our hearing discussions as we marked up the bill, and in his statements on the floor of the Senate—is unanswerable. So far as the statement of the position of the President is concerned, as far back as 1957 the President unequivocally supported the principle and the policy of the Development Loan Fund.

Mr. FULBRIGHT. With borrowing authority.

Mr. MORSE. Yes; with borrowing authority. He said so.

The President has a right to change his mind. In fact, I think when one finds that he has been following a mistaken course of action, he should say so. But that is not what the President has done. The President has gone off on a tangent which has the effect of procedurally scuttling, if he has his way, the program which in 1957 he said he supported.

I think—and at this point the Senator from Arkansas can close his ears, because probably he would protest, because of his modesty—that the President pulled the rug out from under the chairman of our Foreign Relations Committee and from under the whole committee. Talk about nonpartisanship in connection with this matter. The Foreign Relations Committee had been making to this matter an approach which was completely non-partisan. In fact, let me say that in my opinion the head of partisanship is seldom raised in the committee, because each member of the committee knows that the committee is dedicated to a cause which is far above any petty partisanship; the committee is dealing with questions which involve the very survival of the Nation, in the whole field of foreign relations, and in connection with the great contest with communism which lies ahead.

I say that the shift made by the President procedurewise has pulled the rug out from under the chairman of the committee and the whole Foreign Relations Committee. I think the President is wrong, as a matter of public policy, in shifting his position, because, as the Senator from Missouri has pointed out, it amounts, in my judgment, to placing what the President considers to be the desirability of a balanced budget above other matters which in my judgment are much more important to the security of the Nation than a balanced budget. That is what the Senator from Arkansas is pointing out; and I want the RECORD to show that I stand behind him completely in the position he has taken.

Mr. AIKEN. Mr. President, first, I wish to commend the chairman of the Foreign Relations Committee for undertaking to develop a sound, workable loan fund program. Even though he failed to accomplish the objective—which I believe was a good and desirable one—nevertheless his efforts have resulted in getting a 2-year extension of the development loan program, although by the decision of the Senate it is still on an annual basis. That is not workable for any banking operations. All of us know that. But we have to bow to the inevitable, and do the best we can under the circumstances.

The Senate really got itself involved in matters which went far beyond the provisions of the mutual security bill which is before us. If anyone wishes to know how deeply the Senate was involved last night, he has only to read the speech made by the Senator from Oregon [Mr. MORSE], which is a masterful analysis of the situation as we left it last evening.

Now that situation has been corrected. I know that many of the Members of the Senate have read the speech made last night by the Senator from Oregon, and realize that something had to be done to extricate us from that position, especially when no one knew how far-reaching it might be.

So I wish to commend not only the Senator from Arkansas [Mr. FULBRIGHT], but particularly the Senator from Oregon [Mr. MORSE] for setting forth, in the wonderful analysis which he made last evening, the predicament.

Mr. MORSE. Mr. President, let me say that I appreciate very much the statement by the Senator from Vermont, who is my leader and the chairman of the Canadian-American Subcommittee of the Foreign Relations Committee, and for whose record I have great respect. I want him to know that I appreciate very much his kind words.

Mr. AIKEN. Mr. President, while we are extending commendations, I wish to say that the majority leader and the minority leader are also to be commended for working for the final settlement which got us out of the predicament.

Mr. FULBRIGHT. Mr. President, I wish to express my appreciation for the kind words of the Senator from Vermont. I desire to add that throughout the deliberations on the bill, the Senator from Vermont has been one of the most helpful, energetic, and devoted members of the committee. He has been present at all times, and has contributed a great deal to the bill.

Mr. AIKEN. I thank the Senator from Arkansas for his kind remarks.

Mr. CASE of South Dakota. Mr. President, it is not my purpose to go into any detail; but, for the sake of continuity and for the sake of those who read the RECORD and who review the parliamentary situation which developed and the solution which was reached, I believe there are several things I should state briefly.

First, I wish to say there never was in my mind any thought of attempting to oppose the idea of developing loans, instead of gifts or grants, as a method of carrying on our foreign-aid program. In fact, last night, during the debate, I said that I approved and applauded the idea which the distinguished Senator from Arkansas [Mr. FULBRIGHT], the chairman of the Foreign Relations Committee, had advanced, namely, to develop loans as a major feature of the foreign-aid program.

It is only to the method of taking money out of the Treasury that I raised the point of order.

The second statement I should like to make is that nowhere in my remarks did I say that any law which may have been enacted in the past or which might be enacted in the future would be invalid even if the law drew the money from the Treasury by the so-called back door method. I did not say such method was unconstitutional—I used the Constitution only to define an appropriation—the drawing of money from the Treasury—which could be done only by law. And my point was that if an ap-

propriation was made, the rules of the Senate on jurisdiction of committees must apply. But the constitutionality of the past uses of the back-door method and similar future uses, if done by a law enacted by the Congress, would not be impaired.

The third point I should like to make is that this method of directing the Treasury to make loans without congressional review is not the only way of providing a continuing program. I think there is merit in the argument of the chairman of the Foreign Relations Committee that there ought to be some continuity in the foreign aid program. I hope those who are concerned with that problem will consider the method which has been used to assure continuity in the Federal Aid Highway program. There we have a continuing program; and yet, in all instances with respect to the Federal Aid Highway program the phrase was contained in the law "authorized to be appropriated." Even though we have established a special highway trust fund, even though there are categories of Federal road building in which contract authorizations are made, the language in the law requires an actual appropriation. The language is "authorized to be appropriated."

I believe continuity could be developed for the Loan Fund of the foreign aid program by the device which is provided in the amendment now adopted, in which we "authorize" to be appropriated; and it also might be strengthened by providing for contractual authority, but still giving the Appropriations Committee the authority and responsibility of reviewing the amount of money made available on an annual basis.

The next matter I should like to mention is that protection of the jurisdiction of committees is not a one-way street. In the legislative experience of the Senator from South Dakota, he has made many more points of order against legislation in appropriation bills than he has made against appropriations in bills coming from legislative committees. There is a two-way rule in both the House and the Senate wherein the jurisdiction of legislative committees is protected, just as the jurisdiction of the Appropriations Committees is protected.

Finally, with respect to whether or not this was a general appropriation bill, I particularly draw the attention of those who may read or review the RECORD to what was said by the distinguished Senator from Colorado [Mr. ALLOTT] last night. He pointed out that, in the book of procedure offered by the distinguished Parliamentarian and his assistant there is a list of general appropriations bills, as so regarded in the 84th Congress, which include mutual security of 1956. The device which was in the bill as reported to the Senate was a device for providing funds for the mutual security program, part of them to be appropriated, and part of them to be borrowed from the Treasury in the manner provided in the bill.

Last night the distinguished Senator from Oregon [Mr. MORSE] made a speech which should be read by those who are interested in the parliamentary history

and the parliamentary principles involved. I read with a great deal of interest the part of the speech I did not hear last night. The Senator excused me so I could both eat and sleep, as he said.

In the speech the Senator from Oregon questioned whether this was a general appropriation bill because, he said, it was not a bill for the support of the Government. If the mutual security program is not a program for the support of the U.S. Government, what is it in support of? The first sentence in the statement of the purpose of the Development Loan Fund states that the Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development and thus to strengthen their freedom is important to the security and general welfare of the United States.

The whole Development Loan Fund is bottomed upon that declaration of purpose—that the strengthening of the freedom of these other peoples is important to the security and general welfare of the United States. So I certainly feel that this measure is for the support of the Government of the United States.

There is just one other item I want to mention for the purpose of maintaining a complete record on the points raised. The distinguished Senator from Idaho [Mr. CHURCH] read from some private relief bills and pointed out the language in those private relief bills carried the words that the Secretary of the Treasury is authorized and directed to pay such-and-such an amount to such-and-such a person.

The authorization for private relief bills is clearly established in the rules of both the House and the Senate. Historically, there used to be committees on claims. Those committees on claims reported private relief bills without going to the Appropriations Committees. They did it by rule of the House and of the Senate. The jurisdiction of private relief bills now rests in the Committee on the Judiciary. There is no question or challenge or claim that such jurisdiction would be impaired. Nobody says private relief bills which are assigned to the Committee on the Judiciary should go to the Committee on Appropriations. There is no such contention. There has never been any contention that all bills providing for appropriations or withdrawals of money from the Treasury must first go to the Appropriations Committee. Historically, the rules of the House and of the Senate relating to committees gave jurisdiction to the Committee on Claims, which now rests in the Committee on the Judiciary, over relief bills which provided for the withdrawal of money from the Treasury. That jurisdiction was established by the same rules which prescribe that general appropriation bills may be reported only by the Committee on Appropriations.

I merely make these observations for the purpose of establishing the record, or for reference, and to emphasize the points which I cited and made during the extempore debate we had last night.

I may say, in conclusion, I believe the leadership jointly, the majority and the

minority, did the sensible and logical thing this morning by proposing the substitute amendment, which embraced the language which I sought to get into the bill by the point of order, that is, the language to which I objected on a point of order was deleted from the bill, and the basis for withdrawal of money for the loan fund was by way of authorizing it to be appropriated. The desire of the Committee on Foreign Relations to have a loan program in the volume of \$2 billion over a 2-year period is authorized subject to the review of the Appropriations Committee. I think that is a sensible solution.

I want to express my appreciation to those who last night stood with me in the battle to get this issue squarely before the Senate. I appreciate the fact that some contributions were made to the debate by perhaps some who were opposed to it. I think the vote on the motion to table the appeal from the ruling of the Chair was helpful and gave an indication of the basic feeling of the Senate.

I think the table which was placed in the RECORD last night by Senator from Oregon will be helpful to those who study it. No one, Mr. President, not even the President of the United States, can study the table which was inserted in the RECORD last night by the Senator from Oregon without being concerned over the growing trend of using the back door method to get money. The table placed in the RECORD by the Senator from Oregon which appears on pages 11356 and 11357 shows expenditures which have been made through public debt transactions, for which no recovery may be made, amounted to \$14,092,737,000. In addition to that \$14 billion, for which no recovery can be made, there is yet to be accounted for \$29 billion that has been taken from the Treasury for public debt transactions. Nobody can witness the trend without realizing that Congress should do something about it. I hope the Rules Committee will give careful consideration to the proposed investigation, which I understand the distinguished leaders have agreed is to be made, will study the whole method of financing, and will submit recommendations to clarify or add specifications to the rules to avoid such situations as the one which confronted us.

I thank the Senator from Montana for yielding to me.

Mr. MANSFIELD. Mr. President, no Senator has ever held the floor so long and said so little as I have this morning. I hope that on the basis of my forbearance the amendments which I shall offer shortly will meet the approval of the Senate.

I wish to say, before I offer the amendments, that I have listened to the debate with great interest. I think it should be kept in mind, insofar as the leadership is concerned—both the majority and minority leadership—that their hand was forced when the Senate last night expressed its will by a vote of 48 to 42 against tabling the appeal of the Senator from South Dakota from the ruling of the Presiding Officer.

I am personally disappointed that we will not have the 5-year \$1 billion a year continuing program for the Development Loan Fund in the Mutual Security Act, because one of the reasons why I was interested in a proposal of this kind was that it would do away with the never ending grants in the programs under special assistance and defense support, thereby bringing the program down to bedrock and allowing it to function on a reasonable and a feasible level.

On the basis of the arrangements made by the leadership, for which I did not vote, I think the agreement reached was the best possible compromise for the impasse confronting us this morning.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. MANSFIELD. I am delighted to yield.

Mr. KENNEDY. In view of the decision of the Senate last night in respect to the rules, I can understand the action which the leadership was compelled to take in order to save a part of this program.

In my view the original proposal made by the Senator from Arkansas, of \$1½ billion a year for 5 years, considering the needs of the so-called underdeveloped nations of the world and how critical those needs are going to become, was the minimum program desirable. The committee, however, in order to meet objections that it was too extensive a program, cut it to \$1 billion a year for 5 years.

As a result of the point of order raised by the Senator from South Dakota, the program has now been reduced to a billion dollars a year for 2 years, in substance, or \$2 billion for 2 years, and the program must go through the Appropriations Committee.

I recognize the difficulties which the Senate faced, in view of the point of order. However, as a matter of policy I regret that we did not receive more substantial assistance from the administration on this matter and from this side of the aisle, because I believe this to be one of the most serious and regrettable actions ever taken by the Senate of the United States. I think we will come to regret it, because it is an indication that the Senate is not ready at this time to go on record in favor of an effective program in this area.

I wish to make it clear that I am not criticizing the arrangement which the majority leader was compelled to make, because I recognize he was supporting wholeheartedly the position the Committee on Foreign Relations took when the bill came to the floor, but the decision of the Senate with regard to the rules of the Senate—the hook on which the argument was hung.

I do not criticize the Senator from South Dakota for making his point of order, but it is a fact that year after year these programs have been passed without any Senator raising such a point of order.

The question came up on this program, which does not have great popular support in the country, though it is an essential program, and we were finally defeated and obliged to accept the com-

promise which has been suggested. I think it is most unfortunate this has been done, and that the Senate has chosen this course of action. I cannot think of any decision taken this year which I believe the Senate will regret so much in the years to come as the decision last night to sustain the position of the Senator from South Dakota.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield very briefly.

Mr. COOPER. I would like to associate myself with the statement just made by the distinguished junior Senator from Massachusetts [Mr. KENNEDY]. I know the exigencies of the situation which developed because of the point of order, and which brought about the compromise, but I should like to say, nevertheless that the Senate and the Congress should make a decision that our foreign aid program must be an effective one. And as I stated yesterday, I do not believe we can have an effective aid program until its continuity can be established for at least 5 years, and one with adequate annual funds.

In refusing to assure continuity we are keeping in existence a program which is not of maximum effectiveness—one which is not doing the job that we want done and must be done. The committee amendment offered the chance for an effective foreign aid program. I am sorry the Senate has decided to reject it.

Mr. JAVITS, Mr. CAPEHART, and Mr. KENNEDY addressed the Chair.

Mr. MANSFIELD. Mr. President, I desire to offer my amendments. I have been waiting on the floor for in excess of 2 hours. I will yield very briefly to the three Senators who now seek recognition, but will yield to no others.

I yield first to the Senator from New York very briefly.

Mr. JAVITS. I shall be very brief.

I wish to identify myself with the views expressed by our colleague from Massachusetts. I should like to point out that the vote on the motion to table we had a right to assume was a vote upon the fundamental proposition of a 5-year \$1 billion a year program. Therefore, we were face to face with a vote which was adverse. We had to compromise. I think that ought to be clear to the country in terms of those who were in favor of the 5-year program.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. JAVITS. I cannot yield. I do not have the floor.

Mr. CASE of South Dakota. I think what the Senator has stated is an unfair assumption.

Mr. JAVITS. The Senator from South Dakota may feel it is an unfair assumption, and on the technical record it is. In other words, we were not voting upon a 5-year \$1 billion a year program. However, the Senate was expressing itself in terms of its own feelings, in my opinion, upon the substance which was involved in this particular case.

So I feel, Mr. President, we are making a mistake. In that respect I iden-

tify myself with the Senator from Massachusetts. I feel we have to deal with realities, and that is what we faced last night and this morning.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield very briefly.

Mr. CAPEHART. I should like to say that the mistake was made when we established the Development Loan Fund 2 years ago, in that we did not make it a division of the Export-Import Bank and did not permit the Export-Import Bank to handle the matter, under the authorization given, and to handle the funds exactly as funds which they now use are handled, for the making of the kinds of loans they make.

We do not need two lending agencies in the international field. If not today then this year, in my opinion—if not this year, then next year—we ought to make the Development Loan Fund a division of the Export-Import Bank, to be handled by the Export-Import Bank in exactly the same way the bank handles other funds, so far as authorization is concerned.

We did not do that a couple of years ago. I advocated it, as did other Senators. The reason we did not do so was that the Department of State was opposed to it, and even the Export-Import Bank was not too sure it was desirable to handle it in that way. Now everyone is sorry it was not done 2 years ago.

We cannot have a very efficient situation with respect to international loans if we have two organizations making loans to the same countries. What we ought to do next year is to transfer the Development Loan Fund organization to the Export-Import Bank, to be made a division of that bank.

Mr. MANSFIELD. Mr. President, I call up my amendment designated "H."

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 24, line 14, it is proposed to strike out the period and insert the following: "within three years."

Mr. MANSFIELD. Mr. President, in the Committee on Foreign Relations I offered an amendment which read as follows:

The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance, whereby such grant assistance shall be progressively reduced and eliminated within three years.

I am happy to say that the committee accepted all of the amendment except for the last three words, "within 3 years."

I do not think that this particular amendment, as it now stands, goes far enough toward making it mandatory on the part of the Mutual Security Administration to bring about a phasing out, in the individual countries, of the aid given on a grant basis. Hence I am asking the Senate to insert with the amendment which was agreed to in the com-

mittee the words "within 3 years," so that there will be a definite deadline.

I wish to say that in contrast to the Marshall plan the present grant economic aid has no clear-cut goals, no specific yardstick against which to measure progress, no set period of time for termination.

The absence of these specifics encourages a tendency to repeat from one year to the next the same aimless aid pattern in each country which, at best, merely helps to hold the status quo. An aimless program of this kind, out of sheer bureaucratic inertia, can go on unrelated to real need. It can be pitched to any amount, to any length of time that Congress is willing to permit.

Congress cannot cut this program off completely and abruptly without the danger of serious political and economic repercussions in nations which have grown accustomed to depending on grants. Congress may be able to compel, without undue dislocation, a serious effort to end the program's aimlessness, to make it lead somewhere in each country, to taper off the grants over a period of 3 or 4 years—roughly the same length of time it took for the Marshall plan in Europe to come to an end.

To the argument that countries receiving grant aid now are in far worse shape than the European countries were, one can only point out that we can hardly hope to push them to the European level in the next 50 years. Further, we have point 4 and the Loan Fund to continue to meet their needs after the 4-year shutoff period.

EFFECT OF THE AMENDMENT

It will require the President, in conjunction with next year's aid program, to submit a detailed plan for each country, providing for the progressive reduction to zero in grants for economic aid, over a 4-year period.

The amendment will have no direct effect on point 4 and Development Loan Fund, but may work, indirectly, to increase the utility of the latter. The amendment will have no direct effect on military aid, but may work, indirectly, to bring about a reduction in such aid in countries which cannot maintain their present level of armaments except by massive doses of defense support. It will not prevent the President from making emergency grants.

The amendment will compel the executive branch and the recipient governments to reexamine seriously the entire aid program in each country. It will compel them to set annual goals for various specific economic ends—that is, increasing productivity, closing foreign-exchange gaps, increasing internal revenue take. It would compel them to seek new approaches for achieving these goals—that is, welcoming capital from other countries, from private sources, shifting from grants to loans, cutting Armed Forces where indicated.

VALUE OF THE AMENDMENT

The amendment will go far toward meeting growing public criticism of the entire aid program.

It may save the program from meat-ax cuts.

It will be a welcome stimulant to responsible governments abroad which are anxious to end a one-sided continuing dependency.

It will be a spur to governments which have so far failed to act with vigor on their internal problems, having based their survival heretofore too heavily on the expectation of never-ending U.S. subsidies.

In conclusion, I believe this amendment would help to bring about a greater degree of interdependency among the nations of the world, rather than continuing dependence on assistance from this country, which I believe in some instances has been carried to extremes.

I do not intend to ask for the yeas and nays on this amendment, but I hope to have a standing vote on it at the time for decision.

Mr. JAVITS. Mr. President, will the Senator yield for some questions on his amendment?

Mr. MANSFIELD. I yield.

Mr. JAVITS. I think it is a very important amendment. The Senator has given it a great deal of thought and consideration.

First, let me ask this fundamental question: Does the Senator feel that his amendment would mean that at the end of 3 years, notwithstanding the national interest might require otherwise, nevertheless the special assistance and defense support programs would have to be terminated?

Mr. MANSFIELD. Let me answer the question in this way: It would be up to the administration of the ICA to devise a program with respect to each specific country which at the present time is receiving grants of the nature described. It is my belief that the great majority of those countries could get by without continued defense support and special assistance if their own resources were properly developed. Of course there would be exceptions. I do not know for example, whether that would be the case in the instance of Korea. But the President would have the authority to bring to our attention exceptions where this type of aid was needed. However, as a general policy, over this fiscal year and the 3 years following there would be a gradual phasing out of the program and a stepped-up development, from the resources standpoint, in the various countries.

Mr. JAVITS. If the national interest required that special assistance or defense support be continued even beyond 3 years, does not the Senator feel that by writing in the words "within 3 years" he is shutting the door?

Mr. MANSFIELD. Not at all. The administration could always justify exceptional cases, and I am sure Congress would give them consideration.

I point out that there are many countries in the world receiving assistance today which inherently have the potential to become self-sufficient and self-supporting. But because of the procedures which have been followed for many years we have been creating a feeling of dependency on the part of many countries throughout the world, when, instead, we should have been

creating a feeling of equality and interdependency.

Mr. JAVITS. Whatever may happen to the Senator's amendment, does the Senator expect, even under the committee provision, that we shall ask from the administration a specific plan with respect to each country receiving assistance which would state the basic objectives in furnishing such assistance, the progress to date, the long-range forecasts as to future assistance, and whatever other measures are necessary in terms of our objective? Whatever happens to the Senator's amendment, even under the committee provision, we now insist upon a country-by-country study of the entire picture, so far as the administration is concerned.

Mr. MANSFIELD. That is correct; and I should say that the committee, in accepting the amendment exclusive of the 3-year period, has, in my opinion, adopted an amendment which, if adhered to by the administration, could bring about a gradual phasing out of the aid rendered to many countries. At the same time, in my belief it would also bring about a bettering of relations.

Mr. JAVITS. I express the hope that the chairman of the committee, in his discussion of this amendment, will also delineate clearly for us, as the Senator from Montana has done, the purpose of the amendment, to obtain a country-by-country justification, especially in the special assistance and defense support categories.

I agree with my colleague that we need that kind of expertise on those countries. My colleague knows that I respect his sincerity, and I feel that I am just as sincere.

The reason I oppose the 3-year limitation is that it has the added disadvantage that it invites a vacuum into which the Russians will pour. Any intelligent, competent administrator whose feet are held to the fire by the Foreign Relations Committee with this kind of mandate would do the same thing. We can cut off aid to any country at any time. Aid might be for 2 years or 1 year, with respect to a particular program. But when we write in the words "within 3 years" we give subversives the opportunity to say, "The United States has created a vacuum. It has left you to drift for yourselves. Come over to our side. We attach no such strings to our aid."

I believe that the Senator won all he deserved to win in the committee. His job was very well done. It represents a great aid to the program. However, the 3-year limitation would only hurt it. It would create a vacuum into which the Russians have shown they would constantly pour. I wish the Senator had been content with a major contribution to this program by reason of having won what he did in the committee.

Mr. MANSFIELD. I am seeking a real victory by adding the words "within 3 years." While the words are "within 3 years," it means 4 years, including this fiscal year.

Mr. JAVITS. It is on that point that we differ. I thank the Senator.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. COOPER. I ask the Senator if the intent of the section approved by the committee, and the amendment which the Senator would add, is to impose on the President the express duty of submitting a plan which would eliminate defense support or special assistance?

Mr. MANSFIELD. Yes, if possible; but it would also allow enough leeway so that if within that period the President, or whoever represents him, should come to the conclusion that a country like South Korea, for example, could not maintain itself without some type of defense support or special assistance, I am sure Congress would give the President's recommendation favorable consideration.

Mr. COOPER. I respect the views of the Senator, but I must say that I do not read any language in the section which would give the President such flexibility and discretion.

Mr. MANSFIELD. No; but it was brought up in committee, and it is possible that the Senator will find some reference to it in the report.

Mr. COOPER. I know that many of the people of our country are tired of foreign aid, and I assume that a great many Members of Congress are tired of it.

Mr. MANSFIELD. They are uneasy about it.

Mr. COOPER. There are probably countries which are receiving aid, which are receiving more than they need, or can properly use. But it seems to me—that the Senator's amendment, and even the provision in the committee bill does not indicate a sense of reality—when we consider our dangerous situation in the world. Why do we provide defense support and special assistance and economic assistance? We are doing this, first of all, in self-interest to protect and maintain our security. I cannot see anything in the news and the facts which indicate that our danger is going to be less in the next few years. It seems to me that the Senator's proposal holds out a hope of eliminating our aid—a hope which cannot be realized.

Mr. MANSFIELD. My reasoning runs just the opposite to that of the Senator from Kentucky. I say this most respectfully, because he knows how high a regard I have for him. I am not being unrealistic. In my opinion this amendment is realistic. I think we should begin to look at the foreign aid program in that light. I want to see it given some stability. I want to see it shaken down to bedrock.

Under Secretary Dillon, in his address at Harvard University, told us that we must look forward to foreign aid for 50 years. The Draper report says that we must look forward to foreign aid for 100 years. If that be the case, we had better become more specialized in our consideration, and stop giving aid on a worldwide basis, and, wherever possible, try to bring about development within the various countries themselves, so that they can exploit their resources, develop what

they have, and learn to stand on their own feet.

One of the realistic ways of doing it is, I think, to impose a time limitation, as was done with the Marshall plan, even though there is quite a difference between the two proposals.

Mr. COOPER. Perhaps the Senator might add language which would indicate that the President could make such recommendations but only wherever it was possible or feasible to eliminate assistance. But I must say that to maintain the language as it is would be inconsistent with everything we say about our world situation. We say we are in great danger. We say the danger will continue and that we must secure ourselves. Yet this section contradicts all that we have been saying, in directing the President to eliminate defense support, special assistance, and economic support within a few years.

Mr. MANSFIELD. We will not have much in the way of support from people who, year after year, and perhaps, if this keeps up, for decade after decade, depend on us to too great an extent. I want to see the new countries, the underdeveloped countries, have a chance to develop their own resources to the extent that in time we can develop a basis of interdependency founded upon mutual respect and equality, rather than a continuation of the present feeling of dependency which has become all too rampant, I think, for all too long.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. ALLOTT. Yesterday the Senate had before it the question of the interpretation of a rule. I believe I took a position opposite to that which the Senator from Montana took. Would the Senator agree that this is a position fully consistent with the support of the mutual security bill?

Mr. MANSFIELD. The position which the Senator from Colorado took?

Mr. ALLOTT. The position which I took.

Mr. MANSFIELD. I think possibly the principle of constitutionality and precedent was involved, and that the consideration of that question was apart from the consideration of the Mutual Security Act as such.

Mr. ALLOTT. I asked the Senator from Montana to yield to me at this point because of his knowledge in this particular field. If I may say a word or two, although it is not a question, I should like to say this:

I feel very much as does the Senator from Montana with respect to these programs. I do not see how we can secure any mutual dependence upon one another until we have given all the assistance we can to the underdeveloped countries to help them develop their own economic strength. We cannot depend for much military support upon a country whose people are on the verge of starvation or who do not have the opportunity to build up the energy which is necessary for a country to develop and stimulate brains and physical strength. Would the Senator agree with that statement?

Mr. MANSFIELD. Oh, yes; but I also add that many of the underdeveloped countries have great resources. I think that many of them over a 4-year period, could be brought to a stage of self-support, a self-sustaining level.

Remember, these programs have been in progress since 1948 and 1949. Certainly we have a right to expect that something tangible in the way of progress has been made during the intervening period in practically every one of these countries. So another 4 years, I think, would allow plenty of time to enable them to prove whether they can make a go of their own economy, their own government, and their own future, based upon the development of their own resources.

Mr. ALLOTT. I do not believe I could quite agree to a 4-year criterion. That would perhaps be applicable to some countries, but not to others which would have a longer distance to go.

Mr. MANSFIELD. In the report it was stated that there would very likely be exceptions. Then it would be realistic for the administration to come to Congress and to justify the exceptions. If the case could be proved, I am certain Congress would be willing to continue aid and assistance to such countries until conditions justified its discontinuance.

Mr. ALLOTT. My position yesterday with respect to the question before the Senate had no relation to my own feelings about the necessity of a strong mutual aid program.

Mr. MANSFIELD. I am certain of that.

Mr. ALLOTT. I know the program is not popular. It is not popular with my constituents. They are constantly asking me questions about it. It seems to me that the most Congress can do is to research constantly and to reevaluate this program, with the idea that it will be kept to a minimum at all times, and used for the purpose of raising the economic standards and social and political strength of the countries we assist, so that in the long run they will have to depend less on us, and will not leave great economic and political voids and gaps which ultimately we would have to fill, perhaps with military power.

Mr. MANSFIELD. One of the reasons why I was very much in favor of the 5-year Development Loan Fund was that it would bring about a certain degree of self-sufficiency, based upon a mutual recognition between ourselves and other countries, which would benefit them as a result. It would result in a cutting down in the field of grant assistance, which character of aid I think is detrimental in the long run to both the giver and the receiver.

My amendment has no relationship whatsoever to the point 4 program, which I would like to see accentuated with more money being appropriated in line with the number of qualified technicians we have available to participate in such a program. My purpose is to strengthen this particular facet in the field of foreign policy. That was the reason why I offered the amendment. I am

glad the committee itself accepted the original amendment. I hope it will be possible to have the amendment I am offering today accepted.

Mr. ALLOTT. I agree, and concur that the change in the emphasis from a grant-in-assistance program to the economic Development Loan Fund is a very healthy one. It changes the status between other countries and us. It makes them healthier mentally, because they are no longer recipients of a beneficence. Then, with the Development Loan Fund, they will be standing on a parity with us; we will be as two people dealing on an equal basis in the borrowing and the agreement to pay back.

Mr. MANSFIELD. The Senator is correct.

Mr. ALLOTT. It is my opinion that we should, in the next 3 or 4 years, derive very great advantages from the fund.

I thank the Senator from Montana for yielding and giving me the opportunity to interpolate my thoughts with reference to the differences in the two positions.

Mr. FULBRIGHT. Mr. President, I hope the Senate will not accept the amendment. We accepted most of the idea of the amendment of the Senator from Montana, as he has just explained it. There are two or three reasons why I think we should not accept this amendment.

He mentioned a moment ago that we are told that this program will continue indefinitely. I certainly am unable to see any signs that it is about to come to an end. In fact, every sign indicates that if we are not to give in and completely withdraw from participation in international affairs and let the Russians and their satellites take over the control of all outside of Fortress America, then the program will continue for a long time.

The problem of developing these countries is certainly one which cannot be solved quickly. I am not certain what the policy of the legislative branch of the Government is, but the announced policy of the executive branch is that if we are to participate in the development of the great areas in Africa, Latin-America, and southeast Asia, the program must go on for some time.

The effect of the adoption of the amendment of the Senator from Montana, to put a 3-year limitation on the program, would indicate that we thought the program was to come to an end in 3 years. That, I believe, is wholly false. The Senate accepted as much as it did because of the Development Loan program, which has now been knocked out of the bill. The thought was that there was a reasonable possibility of eliminating much of the grant program by transferring the funds to loans within the 3-year period. That is why we accepted the amount of this amendment on page 24. We had that in mind.

Now that the Development Loan Fund has been emasculated and largely negated, there will be no possibility to transfer very much of the grant program to the lending program. So I think the provision of the 3-year limitation is

much less appropriate now than it would have been in the committee, when we still believed there was a chance, at least, of having a workable lending program.

I think we put the administration under an impossible requirement, as the Senator has already suggested. They could come to Congress and ask for relief. I think they certainly would, too.

In the meantime, we would give further evidence and further notice to the world that we are abandoning this program, as we did in our action with respect to the development loan program.

I hope the Senate will not accept the further amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana [Mr. MANSFIELD]. [Putting the question.]

Mr. MANSFIELD. I ask for a division.

Mr. FULBRIGHT. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER (Mr. DODD in the chair). Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I suggested the absence of a quorum so we could take enough time to be sure of what we were doing.

The Senator from Montana has proposed the inclusion of the words "within 3 years." As a matter of fact, he offered the whole amendment which appears in subsection (b), beginning in line 9 on page 24; and the committee accepted all of it except the words "within 3 years."

If the pending amendment were agreed to and if it were carried out in good faith, the administration would be required to eliminate the entire program in 3 years.

I am confident that the administration does not think it could possibly do that, especially without the alternative of the loan program, which has been severely restricted by the action of the Senate earlier in the day.

So, I think the pending amendment highly undesirable, in view of the action the Senate has already taken. The amendment proposed by the Committee on Foreign Relations requires the administration to submit plans for the elimination of the program, but not within 3 years, as the pending amendment would require.

Mr. HOLLAND. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. I wish to support very strongly the position taken by the Senator from Arkansas. If we are justified in extending foreign aid—and I believe we are—it is on the basis of providing greater security for ourselves.

I do not think we can foresee with accuracy when the time will come—although we all hope it will come soon, if not immediately—when we shall not need the benefits which come to us by means of the use of economic aid. To

require that at the end of 3 years there would be no more of it would, I believe, be almost as unwise as to provide that at the end of 3 years we would not have an army because we think there will be peace by that time.

Mr. FULBRIGHT. Or that the millennium would then have arrived.

Mr. JAVITS. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. I think the important point to bear in mind is that if the amendment were adopted, we would then be serving notice that in 3 years we would get out of a country such as Vietnam. We know what would happen in that event: Once that notice were given, at the end of that time the Russians would pour into that country, knowing that we would be out, to stay.

Mr. FULBRIGHT. The Senator from New York is correct.

Mr. SPARKMAN. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield to the Senator from Alabama.

Mr. SPARKMAN. I am glad the Senator from New York made that point. I think many persons overlook the fact that military assistance is in the form of a grant, and that that is also true of defense support.

Mr. FULBRIGHT. That is correct.

Mr. SPARKMAN. Instead of referring to Vietnam, let us refer to Turkey. I think everyone will agree that Turkey is one of the key countries in the security of the free world. I believe everyone who knows anything about the economy of Turkey and about the very fine force Turkey maintains as a part of the defense of the free world, knows that the Turkish economy cannot possibly support that force, nor will it be able to do so 3 years or 5 years from now, or perhaps 10 years from now. Do we want to lose Turkey from the defense?

Mr. FULBRIGHT. The Senator is entirely correct.

Another observation which could be made is that this amendment would have the effect of forcing the administration to execute in the form of loans some of the obligations, such as the Turkish one, which should be grants. I believe that would corrupt the whole concept of loans in the program.

Mr. MANSFIELD. Mr. President, I wish to point out that under the amendment, loans and technical assistance will go on, after the 3-year period.

I think this program is not supported wholeheartedly by a single person. There is a feeling of uneasiness about certain aspects of it, and I think that feeling is justified.

Let me read the provision of the committee amendment, as it now stands, to which my amendment is offered:

(b) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance, whereby such grant assistance shall be progressively reduced and eliminated.

That is the way the committee version of the bill at this point reads at the present time.

To that provision I offer, as an amendment, the addition of the words "within 3 years," following the word "eliminated."

Mr. President, if a country did not come up to the level to which the administration thinks it must come, in order to carry on without grant assistance in the fields of defense support or special assistance, then I am quite sure the administration would find a very sympathetic ear in the Congress, insofar as the consideration of any specific country is concerned.

But I wish to tell the Senate that we must get away from this never-ending grant aid. We are creating a feeling of dependency which is bad for us, in my opinion, and is bad for the receivers, over the long run.

I believe the issue is clear. I hope we shall have a division on the question of agreeing to my amendment.

Mr. LANGER. Mr. President, will the Senator from Montana yield to me?

Mr. MANSFIELD. I yield.

Mr. LANGER. I wish to compliment the distinguished Senator from Montana for offering the amendment. I wish to associate myself with him in support of the amendment.

I remember so well that a few years ago the late Senator Arthur Vandenberg, of Michigan, then the chairman of the Foreign Relations Committee, said, "We are going to end all the foreign aid in 1952." That was 7 years ago; but today it is worse than ever.

I strongly associate myself with the amendment of the Senator from Montana, and I hope his amendment will be agreed to.

Mr. MANSFIELD. I thank the Senator from North Dakota.

Mr. President, I wish the Senate to know that I offer the amendment as a friend of foreign aid.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana [Mr. MANSFIELD] to the committee amendment. On this question, a division is requested; and the Senate will now proceed to divide.

On a division, the amendment was rejected.

Mr. MANSFIELD. Mr. President, I have another amendment to submit to the committee amendment. I now offer it, and send it to the desk. It is my amendment identified as "I." I ask that the amendment not be read, but, instead, be printed at this point in the RECORD. The effect of the amendment will be to liquidate or abolish the International Cooperation Administration.

The PRESIDING OFFICER. Without objection, the amendment to the amendment will be printed at this point in the RECORD, instead of being read.

The amendment submitted by Mr. MANSFIELD to the committee amendment is as follows:

On page 26, after line 17, redesignate the following sections and insert:

"(f) Amend section 525, which relates to the Foreign Operations Administration, to read as follows:

"SEC. 525. ECONOMIC AND TECHNICAL ASSISTANCE PROGRAMS IN THE DEPARTMENT OF STATE.—(a) There is established in the De-

partment of State the Office of Deputy Under Secretary of State for Economic Affairs, which shall be filled by appointment by the President, by and with the advice and consent of the Senate.

"(b) All functions vested by law, Executive order, or otherwise in the International Cooperation Administration or any of its agencies and its Director, are transferred to the Office of the Deputy Under Secretary of State for Economic Affairs, or such other divisions, services, bureaus, or offices of the Department of State as the Secretary of State shall direct.

"(c) The records, property, personnel, positions, and unexpended balances of appropriations, allocations, and other funds of the International Cooperation Administration are placed in the Office of the Deputy Under Secretary of State for Economic Affairs or in such other divisions, services, bureaus, or offices of the Department of State as the Secretary of State shall direct.

"(d) The Secretary of State shall place appropriate categories of persons employed in the Office of the Deputy Under Secretary of State for Economic Affairs in the Foreign Service of the United States.

"(e) Within six months after the enactment of the Mutual Security Act of 1959 the President shall issue a single Executive order, abolishing the International Cooperation Administration and the Office of its Director and consolidating and bringing up to date all outstanding orders pertaining to the administration of this Act and related functions."

Mr. MANSFIELD. Mr. President, first, the amendment will compel the abolition of the name of International Cooperation Administration, and will subordinate, more clearly than before, economic-aid functions to the Secretary of State.

Second, the amendment will put some International Cooperation Administration personnel into the regular Foreign Service, and will require the merging of some International Cooperation Administration functions with those of other existing bureaus and agencies of the Department of State.

The amendment will require in 5 months a single Executive order which will show clearly where we stand at that time on the extent to which the International Cooperation Administration has disappeared in fact, as well as in name, as a quasi-independent operating agency.

So far as the value of the amendment is concerned, it makes clear the intent of Congress to abolish the independent personality of ICA and to make its economic-aid functions clearly a part of the responsibilities of the hierarchy of the Department of State.

Furthermore, it will give greater security to some ICA employees by incorporating them into the personnel of the Foreign Service and the Department of State.

It ought to be able also to bring about some reduction in total personnel through consolidations, depending on how the amendment is administered.

It will tend to reduce the element of bureaucratic interest, as distinct from national interest, as a factor in programing aid.

It may help to integrate aims of economic aid more directly into the aims of general foreign policy.

The Senate will recall that in 1953 it unanimously voted for the abolition of

the Mutual Security Agency; but a month thereafter the administration, in Reorganization Plan No. 708, created the Foreign Operations Administration.

In 1954 the Senate again unanimously abolished the FOA. This time the administration, trying to keep up with the intent of Congress, did so in part by establishing the International Cooperation Administration, but brought it only halfway into the Department.

At this time there are desks in the ICA for the various countries, as there are in the State Department. There are regional desks in the ICA, as there are in the State Department. There are security staffs in the ICA, as there are in the State Department. There are counsels in the ICA, as there are in the State Department. There are congressional liaison desks in the ICA, as there are in the State Department. There is inefficiency, duplication, and waste. In foreign relations we can speak through only one person. Under the Constitution, the President is charged with that responsibility, and he delegates that obligation to the Secretary of State, who operates through the State Department.

I think that in the best interests of the country the liquidation of the ICA should be brought about, and that the agency and its functions should be transferred to the Department of State, where it can function as it properly should, and we can get more efficiency and more for our dollars than is the case at the present time. It would then operate under the economic aid program of the State Department.

Furthermore, we find that the ICA has been in existence for so long that long-term service medals are now being awarded. They also want to have a career service of their own—and this is a temporary agency. If they are to have a career service, as I think they should have, then I say why not put the agency in the Department of State and give them the status and prestige to which they are entitled? Why not at the same time give to the Secretary of State the operating end of the economic aspects of our foreign policy? To me it seems that it will save money, it will bring about greater efficiency, and I think it will work toward the common good, so far as we are concerned, in the field of foreign relations.

Mr. FULBRIGHT. Mr. President, this amendment is based on the false premise that the ICA is independent of the State Department. This is not the case. The ICA is completely within the Department of State and completely under the control of the Under Secretary of State for Economic Affairs, Mr. Dillon.

The amendment adds nothing new in directing a merger of ICA functions with State functions whenever such a merger would better carry out the policies of the Mutual Security Act. This authority already exists in the law and one merger of functions has already been carried out.

The amendment will not reduce the number of people working on the mutual security program. It will merely reshuffle them. The functions of existing Department of State bureaus are entirely different from the functions of

ICA divisions, even though both ICA and State have "desks" for particular foreign countries. ICA is an operating agency engaged in moving commodities and technicians overseas and managing their activities. The Department of State is a policy organization, having no part in the multitudinous details of managing movement of goods and services.

A reshuffle of ICA and State personnel would snarl administration and delay program action for months. The Mutual Security Program has been reorganized and reorganized almost once a year since 1949. It ought to be left alone for a few years.

It is alleged that the present ICA personnel system lacks job security for ICA personnel. This is a mistaken view. ICA personnel now have a career personnel system. Under present law they are given appointments under the Foreign Service Act for the duration of the aid program, which would certainly be as long as they would have them in any case. Nobody thinks that the aid program is temporary. ICA employees are not asking for any change in their status.

The administration is opposed to this amendment. No independent study of the foreign aid program has recommended this organizational change. No professors of Government have suggested it. It would only do harm to force a sweeping reorganization on the Department of State in these circumstances.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HICKENLOOPER. I agree with the analysis of this particular situation by the Senator from Arkansas. The committee did consider this amendment at some length. In fact, in the past several years the matter in various forms has come up before the Foreign Relations Committee and the Senate, a number of times.

My personal objection to the amendment is that it moves more and more of the operating functions of an operating agency into the diplomatic or State Department field, which I think it has been proven in the past is an extremely inefficient way to handle it.

While I know the Senator from Montana has felt very keenly about this matter and has looked into it at great length and on many occasions, and while I have a great deal of sympathy and agreement with him in some of his positions, yet I feel if we reduce any part of the independent operating authority of this agency, and blanket it completely under the diplomatic authority, we shall be merely contributing to the confusion, delay, and inefficiency of the organization.

We have been through this with respect to other agencies which were established as operating groups within the State Department. In my view, they never worked efficiently until we had them removed to a collateral point outside the State Department.

I agree that there should be one voice at the top speaking for American policy; but I believe experience and the record show that these operating agen-

cies can function with a great deal more efficiency if they can be removed from within the State Department, with all the interrelating confusion and diplomatic maneuvering that goes on.

I agree with the chairman of the Foreign Relations Committee in his position, and I hope the amendment will not be adopted.

Mr. FULBRIGHT. I thank the Senator from Iowa.

Mr. DWORSHAK. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield.

Mr. DWORSHAK. Under the present procedure, is the head of one of the missions abroad which is handling foreign aid subject to supervision by our Ambassador in the particular country involved?

Mr. FULBRIGHT. He is. As I said, the Under Secretary for Economic Affairs, Mr. Dillon, is really the Director of the ICA. Of course, the Secretary of State, as a whole, has the full authority, and the President over him, but I mean within the Department of State the Under Secretary has specific responsibility for the ICA.

Mr. DWORSHAK. Is this program the same one which was set up under the Marshall plan in 1949, on the basis of lasting for 4 years?

Mr. FULBRIGHT. No. It has quite different purposes. It is distinguishable in many respects. The job to be done is quite different, as a matter of fact. The Marshall plan accomplished its purpose with somewhat less than was anticipated. Now there is a problem of a different kind in the underdeveloped countries. Nobody would allege that Great Britain and France were underdeveloped countries. If anything, they were overdeveloped. But they had been partially destroyed by the war. The two problems are quite different.

Mr. DWORSHAK. Does the chairman of the Foreign Relations Committee believe the program should be continued indefinitely?

Mr. FULBRIGHT. If the Senator could tell me when he thought we could be friends with the Communists and live with them in an amicable way, say through the United Nations, I would say that would be when the program could end. But if we are interested in maintaining our independence, I think that the program should continue as long as tension or antagonism exists between the Communists and the free world. I do not know whether that is indefinite. My idea is that it is likely to go on for some time.

Mr. DWORSHAK. Does the Senator not recognize that after 11 years of this program since the end of World War II, during which time we have spent approximately \$82 billion, the Soviet threat is actually becoming more menacing?

Mr. FULBRIGHT. May I ask the Senator if he thinks any thing different in regard to the military program? I suppose we have spent at least \$400 billion on the military program. Does the Senator think there is any prospect of discontinuing the Army in the foreseeable future?

Mr. DWORSHAK. I certainly believe, on the basis of testimony which we have

had before the Committee on Appropriations in the past few years, that notwithstanding NATO and all the alliances and the efforts which we have made during the past decade to strengthen our allies everywhere in the world, everything points to the possibility that we must rely almost entirely on our own military preparedness to resist Communist aggression and to safeguard the welfare of our own country.

Mr. FULBRIGHT. I would say one of the reasons for that is the type of thing the Senate just did, when it emasculated the development loan program. We have refused to give any alternative to many of these countries. We have refused to build up the strength of the free world, other than ourselves, in any substantial way.

We were successful with the Marshall plan, I would say, and we made a good start. Now, if I judge the action of the Senate this morning properly, we seem to be withdrawing. We are not willing to move ahead in this field, not willing to try to build up sufficient strength in the free world to deter the Communists from the idea they can take it over.

This is all a part of the same struggle. I see no substantial difference between the objective of the ICA and the objective of the military services. When we sacrifice this aspect, as the Senator apparently wishes to do, we only put a greater burden on the military, and I think we will pay for it in one way or another.

If we are going to have a free country, I recommend and believe it will be cheaper in the long run, and much more effective, if we give some attention to the problems which this program is designed to solve.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. DWORSHAK. As a realist, I contend we are not getting the wholehearted support of the countries receiving foreign aid. Those countries fail to recognize the essential need for building up their own resources to resist Communist aggression. They are cooperating with us in a small measure, but the fact is that we have spent \$82 billion and have made little progress. This would indicate we ought to recognize eventually that, if involved in a really cold war or a hot war, we can depend to a limited extent only on the aid we might receive from our allies, and we must be prepared to defend ourselves, because nobody is going to assume the responsibility of giving us much assistance.

Mr. FULBRIGHT. The Senator has opened up a very big question. This is the old argument we used to call the "Fortress American" argument; that it is better to retire within the boundaries of America and forget about the rest of the world. The Senator is entitled to his judgment. I would say the judgment of the administration—not only of this administration but of the previous one—and of the majority of the Congress heretofore has been that the Senator is in error in such judgment. That is all I can say. I disagree with the Senator as to the more efficient way to meet the problem.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. DWORSHAK. The Senator from Idaho certainly wants to eliminate the possibility of having his remarks misconstrued as involving the voluntary choice of setting up a "Fortress America." I am merely contending that on the basis of the results of our foreign aid program we have been forced into approaching that position. While we are building up a myth that we can rely to a large extent upon the military assistance of our allies, the facts indicate, whether we voluntarily want to be a "Fortress America" or not, eventually we may have to defend that kind of position.

Mr. FULBRIGHT. I can only say that if the Senator is seeking to imply mistakes have been made and the program has not been perfect, I agree with him. The Senator has been a member of the Committee on Appropriations. I noticed in this morning's newspaper that the committee authorized the building of a hospital at Evreux, France, which was never opened. That is a mistake. I do not know what the Senator wants to make of it. There have been mistakes in other aspects of our defense program, also.

The Appropriations Committee authorized the building of a DEW line across the northern part of this continent, which in my opinion is not worth a dime. We have spent a billion dollars or so on it, and it will probably be abandoned before it is ever used. I think that was a mistake. I could make the same argument against the actions of the Appropriations Committee as the Senator is making against this proposal.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I can almost say the same things about the new Senate Office Building, a creation in which I assume the Senator participated, as to the appropriating of the money.

If the Senator wants to look for mistakes in the policies of the Government, there are plenty of them. All I say is that among all the alternatives we have, among all the methods of doing business to protect the security of this country, the general agreement is that the ICA and this procedure is the best to follow. That is as far as I can go. I do not say it is perfect.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. DWORSHAK. When the Senator contends that the Committee on Appropriations is responsible for the success or failure of some specific military program, I am sure the Senator recognizes we have experts in the Pentagon Building who concentrate their efforts on recommending to the Congress the appropriate defense measures, and that as members of the Committee on Appropriations we do not pose as being military authorities and experts qualified to outline these particular programs.

Many mistakes are made within the executive department of the Government. I believe that the Congress, as the legislative branch, has a joint re-

sponsibility, through its various committees—the Committee on Appropriations, the Committee on Foreign Relations, and other committees—to assume some of the responsibility for outlining policies which are designed to safeguard our country.

Mr. FULBRIGHT. All I can say is that the Senator and his committee have certainly refused to admit that the Committee on Foreign Relations has any real responsibility in the foreign aid field, by the action taken last night. The Senator and the committee have assumed the responsibility of determining the policy of military and foreign aid. It seems to me if the Appropriations Committee has that responsibility it has to take the consequences. It has usurped almost complete authority in this whole field.

Mr. ERVIN. Mr. President, will the Senator from Arkansas yield for a question?

Mr. FULBRIGHT. I am glad to yield.

Mr. ERVIN. I have been furnished information by the Library of Congress to the effect that the United States since July 1, 1945, has extended to Yugoslavia in various forms of foreign aid approximately \$1.6 billion. I am under the impression that during this period of time Yugoslavia has built up one of the most powerful armies in Europe. I should like to ask the Senator: Does the United States have any assurance from Yugoslavia that the army will stand on the side of the free world in the event an Armageddon comes between the free world and the Soviet Union?

Mr. FULBRIGHT. Not so far as I know. I do not know that we have any assurance that any country would stand with us, so far as any guarantee is concerned. We believe France and England are motivated by many of the same set of values that we are, and that they would be likely to stand with us.

In regard to Yugoslavia, we believe that while Yugoslavia differs in its political and economic system, it has not been a satellite of Russia in the years in which it participated in our aid program. It was believed by the administration, which was in the first instance a Democratic administration, and I think also by the present administration, that it was very important to the free world to help maintain a Communist country independent of domination of the Kremlin. But nobody pretends Yugoslavia is sympathetic with our ideas as to what is the most equitable political or economic system. So far as I know, nobody pretends that. I do not think so.

I think it is extremely important that Yugoslavia has been able to assert and to maintain independence of complete domination by the Kremlin, in contrast to Rumania and Hungary.

Mr. ERVIN. I was very much impressed by the remarks of the junior Senator from Arkansas and the junior Senator from Alabama about Turkey. As a matter of fact, am I correct in my impression that Turkey has allied itself on the side of the free world and has pledged itself to fight in the event of direct aggression upon the free world by the Soviet bloc?

Mr. FULBRIGHT. Turkey is a member of NATO and has the same obliga-

tions in that respect that we and all other NATO countries have; and would do so, I think.

Mr. ERVIN. Does not the Senator think that the sensible thing for the United States to do, in the light of these facts, would be to concentrate its foreign aid, particularly that of a military nature, in the countries which have manifested a willingness to stand up with the free world in any possible Armageddon with Russia?

Mr. FULBRIGHT. I will say that certainly the preference for aid and the great amount of aid has been given to such countries. That does not necessarily mean there is no value at all in assisting a country like Yugoslavia to retain independence.

I think the Senator knows the character of the aid. It has been very important to Yugoslavia. A very large amount of it has been in Public Law 480 commodities, plus the military assistance consisting of arms, and so on.

The question is not whether we should concentrate our aid. If the Senator assumes we have only a certain definite amount of assistance to be given, I do not think there is much doubt in any quarter as to how it should be apportioned. All of us would say if there is only enough aid to keep Turkey well armed, Turkey would have preference.

The question is whether there is any value at all, given our capacity to meet the requirement on the part of Yugoslavia, to provide aid. It has generally been agreed by the Congress and by both administrations—the preceding Democratic administration and the present administration—that it is worthwhile, in view of our capacities and our surplus commodities and other things, to give aid to Yugoslavia. That is all I can say.

Mr. ERVIN. Of course, the Senator does not make foreign policy.

Mr. FULBRIGHT. That is true. I cannot even get a modest little bill through the Senate. I do not know who really makes foreign policy. I am sure that I do not.

Mr. ERVIN. The Senator has a different characterization of "modesty" than I have. I should say that a bill providing as much money as does the pending bill is not too modest.

My point is this: Can the Senator give me any reason why the present administration and previous administrations, which have had charge of the conduct of foreign affairs, were bold enough to ask Turkey and other nations to pledge themselves to stand on the side of the free world, but were too shy and bashful to ask Yugoslavia where it stands?

Mr. FULBRIGHT. I do not think there is any doubt about where Yugoslavia stands. It never occurred to me that we did not know.

Mr. ERVIN. Does the Senator believe that in the event an attack were made on the United States by Russia, Yugoslavia would come to the rescue of the United States?

Mr. FULBRIGHT. I answered that question in the beginning. I do not think so. She is under no obligation to do so. There is no doubt about that.

Mr. ERVIN. That is the point I was trying to make.

Mr. FULBRIGHT. I was not trying to evade it. I thought that was well known. Yugoslavia is not a member of NATO. She has no obligation to come to our rescue. The only consideration that I know of is that it is important to our overall policy that Yugoslavia which is a Communist country and a rather important country, has asserted its independence of the Kremlin and seeks to maintain it. That is all I know.

Let me make one further observation. The difference between the Senator from North Carolina and me is this: The policy I am trying to promote is to avoid Armageddon. The Senator from North Carolina apparently assumes that Armageddon is inevitable, and that we should bother with anything not directly related to fighting Armageddon.

I may be too idealistic and naive in believing that there is a possibility of avoiding it. I grant that history may prove that I am wrong. All I say is that it is at least worth the effort to try to avoid Armageddon.

Mr. ERVIN. The Senator from North Carolina thinks the best way to avoid Armageddon is to be strong.

Mr. FULBRIGHT. So does the Senator from Arkansas.

Mr. ERVIN. I think the best way to be strong is to concentrate our aid among nations which are willing to stand beside us.

Mr. FULBRIGHT. Or to divide our enemies. Does it not contribute a little to the strength of the free world not to have Yugoslavia and her army under the domination of our principal enemy?

Mr. ERVIN. The point I make is that if it had not been for the aid of the United States, Yugoslavia, which is uncommitted, might not have an army. Yugoslavia is headed by a Communist dictator. There might have been some democracy in Yugoslavia. By extending aid to a Communist dictator who refuses to tell where he stands, we forge the chains of communism more securely upon the people of Yugoslavia and help the Communist dictator to continue to deprive them of their independence.

Mr. FULBRIGHT. I think the Senator is in error in this respect. If we had not helped them they would probably be a satellite of Russia by now. Their army would then be under the control of the Kremlin. I am told that it is a very good army. They are strong fighting people. They have had long experience in it. They had an army. We did not build up the army. We helped to improve it and keep its armaments modernized. But we did not create it.

Yugoslavia is a fairly strong country in that area. I think the alternative would have been that it would now be a satellite of Russia and a part of Russia's armed forces.

Mr. ERVIN. I do not accept the thesis that there is no one on the face of the earth who loves freedom except the people of the United States, and that all other people, unless they receive some kind of financial and material assistance

from the United States, will turn to communism. On the contrary, I think there are other people on the earth who love freedom. I think the Turks do. Those people are willing to stand up and be counted, and to fight for their freedom. I do not accept the view that unless we give aid to sixty-odd nations every year from now on, all those people will so far forsake their love of freedom as to turn Communist. I cannot believe that.

Mr. FULBRIGHT. Does the Senator believe we should withdraw aid to Spain?

Mr. ERVIN. No; because Spain has given us bases.

Mr. FULBRIGHT. Does the Senator consider Spain to be a democratic, free government?

Mr. ERVIN. No; I do not; but I do say that it is not headed by a Communist dictator. It is headed by a dictator, but not a Communist dictator. Unlike Yugoslavia, which has given us no bases from which we could counterattack Russia, Spain has entered into an agreement with the United States, as I understand, whereby we are allowed to use the soil of Spain as a site for bases which would enable us to defend ourselves.

Mr. FULBRIGHT. Does the Senator believe that we should not extend aid to India, which has not given us any bases, which is neutral, and which does not assume any obligation to defend us or come to our aid in case of war?

Mr. ERVIN. My answer to that question is this: I believe that under the Constitution of the United States we have no right to take tax money and spend it for any purpose except that which is calculated to promote the general welfare of the United States. I do not think we are empowered to take tax money and give it to neutrals merely to advance their economic welfare. I do not believe we should use tax money to pay neutrals to remain neutral, because that does not advance the welfare of the United States as a Government.

If the United States were an eleemosynary institution, operating charities instead of operating a Government which depends upon tax sources for its finances, then I would say it would be all right for the United States to act as a universal Santa Claus. But I do not believe that we have a right to take money from the pockets of taxpayers of the United States and give it to countries which refuse to stand beside the free world in any war for survival. If the United States were an eleemosynary institution instead of a Government, it could do so. But our Government is not an eleemosynary institution, and the Constitution does not authorize it to act as such.

Mr. FULBRIGHT. I assume the Senator does not believe that it is in the interest of the United States for India to succeed in her effort to establish a viable, free economy and free political system.

Mr. ERVIN. I do not think it is a governmental function of the United States, under the Constitution, to confiscate virtually all the net income of the American people and give vast portions of it away to other countries merely because it would be a highly desirable

thing from a charitable standpoint, or an eleemosynary standpoint, for those countries to prosper.

Mr. FULBRIGHT. Does the Senator really believe that the Government confiscates virtually all the net income of the citizens of America?

Mr. ERVIN. I think it does, in large measure. I am conscious of that fact every time I have to pay my income tax.

Mr. FULBRIGHT. The Senator feels that he and his fellow citizens have a very low standard of living, relative to other peoples of the world.

Mr. ERVIN. I heard it said on the floor of the Senate a few days ago that the United States would have to levy additional taxes to carry on its highway program, or permit its program to come to a dead stop. I think American citizens are entitled to more consideration at the hands of the Government than foreigners. If the Government is too poor to build highways in the United States without levying additional taxes, I think it should not be building highways in the four corners of the earth for other people.

I thank the Senator for yielding.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Montana [Mr. MANSFIELD]. [Putting the question.]

Mr. MANSFIELD. Mr. President, I call for a division.

On a division the amendment was rejected.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON of South Carolina. Mr. President, I do not believe that at any time in American history have our foreign relations sunk to such a ridiculous level as at present.

I do not believe any historian will ever be able to untangle the web and discover for future generations how supposedly sane, intelligent, loyal Americans ever got us into the mess we are in now. I am sure it would be easier for a man buried up to his neck in quicksand to escape his predicament than for America to climb out of the mire of foreign entanglements it is now in.

How stupid we are is currently being portrayed in the popular comic strip "Li'l Abner," well known to millions of American comic strip readers. The comic strip artist, Al Capp, has vividly displayed the ridiculous nature of our foreign aid giveaway program. Dogpatch community in which Little Abner and the other Yokums live was a relatively poor, peaceful, undeveloped rural mountain community. Then it was discovered in Washington by some bureaucrat that Dogpatch had never officially become a part of the United States.

Throughout the years, Dogpatchers were proud of their American citizenship,

even though they were poor. Recently, they applied for a \$10 loan to help bolster their community's economy. Of course, Washington could not grant the loan; but when it was discovered that Dogpatch was a foreign country, and not a part of the United States, the generous-hearted bureaucrats in Washington found ways to help Dogpatch. Millions and millions of dollars are now being poured into that fictional community, to build up its schools, its rivers, its harbors, and other facilities.

As one Dogpatcher said, "When we wuz merely poor little broke-down Dogpatch, we couldn't get the Government to give us a seed catalog." At last word, Dogpatch, the new foreign nation, is in a near state of revolution between the new royal Yokum family and the peons of the community.

Mr. President, I cannot think of a finer example to indicate how silly and stupid we have been in our foreign giveaway program. What that comic strip has portrayed is not fiction, but is what is actually occurring and happening in nations throughout the world which are receiving our foreign aid.

Consider the country of Laos, for example. In that small nation of less than 2 million people, our foreign aid giveaway program has been handled in such a stupid manner that it is impossible for the U.S. Government to actually determine how much of our money has gone into that country.

Estimates have placed the amount at around \$30 million for that 4-year period; but the Committee on Government Operations, in its seventh report, dated June 15, 1959, stated that it is impossible to determine the value of U.S. aid in dollars.

Since Laos became an independent country, the United States has supported the total military budget of that country, and is, in fact, virtually supporting the entire economy, so states the Senate committee's report. It sounds like Dogpatch, does it not? Laos is the only country in the world in which the United States supports the military budget 100 percent and yet—again quoting the Senate Government Operations Committee report—our military judgments have been totally disregarded. All this financial support, and so forth, has been to sustain a 25,000-man army and to maintain the financial stability of the country.

Mr. President, I charge that a 25,000-man army in Laos could not hold back a single attack from the Red Chinese hordes, if they ever decided to go into that country; and certainly a 25,000-man army, as against a nation of over 600 million people, is not frightening anybody from making such an invasion.

The truth is that all this money for military and economic assistance has accomplished little or nothing in Laos or in any other southeast Asia country, or, in my opinion, in any other foreign country.

I wish to quote from a dispatch from Singapore, which appeared in the Washington Post and Times Herald as recently as Thursday, June 25, 1959. The article is entitled "Parliamentary De-

mocracy Seen Losing Struggle in Asia," and is subheaded "West Faces Wall of Prejudice."

I read from the article:

For those who believe that political salvation lies only in parliamentary democracy as it is understood in the West, the lights of Asia are going out.

Military leaders have taken effective power out of the hands of the politicians in Pakistan, Thailand, and Burma. Indonesia is on the brink of a constitutional revolution designed to give President Sukarno and the army the real control of national affairs. In Laos the conservative prime minister now enjoys special powers which reduce Parliament to a cipher. General elections due to be held in three different countries of southeast Asia this year have been postponed.

The article clearly explains the futility of foreign-aid programs such as we have been conducting. At one point the article quotes British colonial secretary Lennox-Boyd:

Money, always money. What I would like to know is, where did it come from?

The article closes with the statement that the people of that area of the world see in communism "the only straight road available to national and racial regeneration."

Mr. President, unquestionably the article clearly states the futility of having the U.S. Government further pursue a policy of attempting to buy friends with dollars, particularly people who are new at the game of self-government.

Mr. President, I ask that the entire article be printed in the RECORD, in order to substantiate what I have just said.

There being no objection, the article ordered to be printed in the RECORD, as follows:

PARLIAMENTARY DEMOCRACY SEEN LOSING STRUGGLE IN ASIA—WEST FACES WALL OF PREJUDICE

(By Denis Bloodworth)

SINGAPORE.—For those who believe that political salvation lies only in parliamentary democracy as it is understood in the West, the lights of Asia are going out.

Military leaders have taken effective power out of the hands of the politicians in Pakistan, Thailand, and Burma. Indonesia is on the brink of a constitutional revolution designed to give President Sukarno and the army the real control of national affairs. In Laos the conservative prime minister now enjoys special powers which reduce parliament to a cipher. General elections due to be held in three different countries of southeast Asia this year have been postponed.

ANTI-MARXISM HAILED

At first Western diplomatic observers viewed this trend with satisfaction, for in every case the new, more authoritarian governments were sternly anti-Marxist, and replaced dithering democratic regimes which had proved no match for communism.

The initial elation has been followed by second thoughts. Only an elected government that truly reflects the will of the people can provide a lasting bulwark against communism, it is argued. The semiauthoritarian regime constitutes a step away from democracy.

But there are, in fact, elements in the situation outside the realm of such rationalization which must be taken into account.

It is commonplace to speak of the Japanese occupation of Southeast Asia in terms of the impact on the peoples here of the de-

feat of the Western colonial powers by an Asian State. But what has not been stressed enough has been the deep sense of humiliation experienced by the indigenous wartime and postwar generations.

The Asian races had pocketed their dignity and accepted the white man as their master and protector, but when the moment came for him to justify his right to rule, he ran away and left them to the slender mercies of a brutal military government. They had been duped into kow-towing as it were, to an impostor. And they felt immeasurably abashed.

HUMILIATIONS CONTINUE

After the war, nationalist movements gained momentum and the Asian countries won or were granted their independence. But the humiliation did not end there. Their new, often jerry-built, imitations of Western democratic systems were in too many cases exploited by opportunistic politicians and wrecked by bureaucratic boneheads.

For the young men and women in Asia, the colonial era and its democratic aftermath have all been part of a conspiracy of degradation.

They are imbued with an urgent desire to wash away everything associated with a soiled past—exploitation, capitalism, and colonialism, the ponderous rule of law, bureaucracy and red tape, pintables, and fast cars, Hollywood films, prostitution, who-dunits, alcohol, the fat cushions of life, and the ruthless race for wealth.

The Communists need Asia's young intellectuals (an intellectual has been defined here as anyone with a secondary school education) as the essential link between the party leadership and the undereducated masses, and they, in their turn, are naturally attracted to communism.

To them the Communist Parties of Asia have a unique integrity, for they refused to collaborate with the Japanese, they spearheaded the resistance movements directed against the enemy occupation, and after victory became the implacable enemies of white colonialism. And they have above all been inspired by the strides taken by the Chinese Communists.

There is a tendency to shy away from conundrums, to seek a clear-cut solution and stick to it. Western democracy is a legend, the young declare, for all that Europeans brought to the East were discriminatory systems under which the few would dictate to the many. The alternative therefore seems obvious.

A group of students recently commented to me on George Orwell's "Animal Farm" in the following terms: "The pigs were heroes right up to the end, where the author tried to make them look like villains. This was an unfair trick, for the end has not come. In China it is still the beginning. And if the men and the pigs were finally indistinguishable, then all would be villains and who would be left for us to choose?"

WALL OF PREJUDICE

The gestures of the West rebound against a wall of prejudice. When I referred to a paper by British Colonial Secretary Alan Lennox-Boyd in which he enumerated the sums Britain was devoting to colonial development, I was met with an opaque stare and an accusing "Money, always money. What I would like to know is, where did it come from?"

This attitude is already dividing the generations in Rangoon, Djakarta, and Kuala Lumpur. In Chinese families particularly, children are throwing into their parents' faces their preoccupation with money, their struggle for personal wealth and its fruits.

Except for a minority, these young men and women are not Communists. They would not know the difference between the

theory of value and capitalist encirclement. They tend to regard the Russians as Europeans and therefore suspect. But they see in the brutal simplicity of communism the only straight road available to national and racial regeneration.

Mr. JOHNSTON of South Carolina. Mr. President, the Government Operations Committee report on Laos recites case after case of conflicts of interest, apparent mismanagement, misuse of funds, and even instances of what I would call graft. The report closes with a discussion of what it calls the continuing nature of deficiencies, and cites 10 main such deficiencies, which I shall now enumerate:

The International Cooperation Administration and the Department of State are usually very reluctant to admit the existence of any specific errors in their administration. In those cases—and there are many—where the facts cannot be denied, it seems to be almost a standard response that the criticisms are directed to conditions and matters which are ancient history and that everything in the particular program or country criticized has been remedied in the interim and is now without fault.

It should be noted, however, that only a few of the deficiencies noted in the Laos program were new to the subcommittee's experience. The criticisms that can be made of the Laos program today are almost identical in general substance with the criticisms we made of the foreign aid program in Iran 2 years ago. In the interim, we have conducted further inquiries on the foreign aid program, held a number of hearings, issued several additional reports, and visited a dozen of the countries receiving U.S. aid. In each instance we have found certain recurring deficiencies, including:

1. A lack of adequate advance planning on country programs and specific projects.
2. The absence of any clear and complete explanation of how the level of aid for any country has been determined; i.e., why a particular country program is to cost X dollars, instead of some other amount.
3. Defective standards and procedures for the award and administration of contracts.
4. Lack of effective procedures to prevent conflicts of interest or other improper activities of ICA employees; that this can actually lead to fraud and corruption has been adequately demonstrated by our findings in Laos.
5. Lack of adequate control over expenditures of both dollars and local currency.
6. Inadequate end-use checking; i.e., lack of controls sufficient to insure that expenditures are actually made for declared purposes, and that items procured under the aid program have in fact been put to use as intended.
7. Excessive use of cash grants of dollar aid, with corresponding underuse of aid in kind.
8. Inadequate controls over commodity import programs.
9. Poor coordination among departments, between field missions and Washington, and among various ICA divisions in Washington.
10. General failure of the executive branch to take remedial action based upon factually supported criticisms, even when those criticisms stem from executive employees whose jobs entail the specific function of evaluation.

All of these deficiencies, and more besides, were present in the U.S. aid program in Laos.

In the summary of the present situation in Laos, the report states:

In summary, the decision to support a 25,000-man army—motivated by a Depart-

ment of State desire to promote political stability—seems to have been the foundation for a series of developments which detract from that stability.

Given that decision, the minimum size of the necessary aid program was inexorably established at a dollar value far beyond the estimated rate at which the Lao economy could absorb it. From this grew intensive speculation in commodities and foreign exchange, productive of inflation, congenial to an atmosphere of corruption, and destructive of any stability, political or economic.

With so much of the aid available for Laos earmarked for support of military forces, little attention was paid to programs which might reach the people of the villages. The aid program has not prevented the spread of communism in Laos. In fact, the Communist victory in last year's election, based on the slogans of "Government Corruption" and "Government Indifference" might lead one to conclude that the U.S. aid program has contributed to an atmosphere in which the ordinary people of Laos question the value of the friendship of the United States.

The army, which was too large for the economy to handle, was inadequate to perform its appointed mission. Against a much smaller force, it was unable to enforce Communist compliance with the Geneva agreements, which required evacuation of the two northern provinces and their return to the control of the central government. The presence of troops throughout the country may have assisted generally in the maintenance of order, but one may properly question, weighing all factors in the balance, if this was the most effective device.

The inability to remove the Communists from the northern provinces by diplomatic pressure or military force led to a compromise solution which admitted Communists to the Government and which established the Communist Party, Neo Lao Hak Xat, as a legal, above-ground political party.

Recently (January 1959) the cabinet was given extraordinary powers by the national assembly, which was thereupon dissolved. In effect, this means that for a year the cabinet exercises dictatorial powers. One of its first acts was to purge itself of Communist members. Other actions since indicate that some housecleaning is underway. In the interim, however, the Communists, being legal, have acquired a certain amount of prestige in the countryside which will be difficult to destroy.

Another hopeful recent (October 1958) development has been agreement of the United States and the Royal Lao Government upon a realistic exchange rate (80 kip to U.S. \$1). This has had the effect of destroying the free market, and it has done so without any of the inflationary effects that economic experts had predicted; in fact, its effect has been deflationary, and the cost of living in Laos has dropped about 25 percent since the currency reform.

Foreign exchange is now freely available at the new rate, and the temptations to speculation and corruption are lessened. It is unfortunate that Department of State vacillation should have delayed currency reform for 4 years, when it was recognized as one of the key problems in Laos that needed correction.

These recent developments, although they seem to provide an atmosphere in which a better program is possible for the future, do not automatically insure such a program. It is the opinion of the subcommittee that study of the balance of this report will indicate that needed reforms are many in number, and that they are required at all levels of the aid program in Laos.

Mr. President, this report has been most generous to the foreign aid program. I know that there are similar

conditions existing in the foreign aid programs of nearly every country in the world.

The people of my State of South Carolina resent the pouring of millions of dollars into Communist Yugoslavia. Yet on June 24, 1959, it was announced that an additional \$9 million loan for construction of a thermoelectric plant in that Communist country was being made by the United States. It should be noted that the United States is also giving Yugoslavia \$95 million worth of farm surpluses this year.

When it is proposed that a power project be constructed somewhere in this country, a big fuss is made; but nobody seems to try to stop Congress from putting a large amount of money in a lump sum and giving it away to countries anywhere in the world.

Will Tito use this thermo-electric plant to manufacture materials of war to be used against a democratic nation? Will these farm surpluses be used to feed starving Communists, who will some day swarm over the mountains to attack our good allies? I hope we will have some allies if ever we have another war. God forbid that we have another one.

At the last tabulation, some \$50 billion had been frittered away since the end of the war for the purpose of helping other countries solve their economic problems. Although we cannot even solve our own financial dilemmas, and the public debt has climbed steadily upward toward its present hopeless height of \$285 billion, we have continued to squander hundreds, thousands, millions, and billions of dollars for projects which the people of this country, the taxpayers who pay the bills, will in all likelihood never even see, much less utilize.

The proponents of economic aid, which under the mutual security program is only lightly veiled under such terms as defense support and special assistance, claim that in some roundabout way the extension of this aid is in the national interest. However, if we examine the ledger in the clear light of reason and reality, instead of in the haze of emotion and imagination, it is apparent that any benefits to our national interest are small in comparison to the gross liability the foreign-aid program has been to our own economy. The cost has been huge. Extravagance and waste have been rampant.

Senators should bear in mind that every time we give away \$1 billion, we increase the debt by that amount. That is what it amounts to.

To inform Senators as to the amount of money we have given away, we have to pay in interest today, on the money we have given away since the war, more than the total appropriation bill of the United States in 1912. We have stimulated competition against our own industry in the world market. We have supported undesirable political and economic systems of the world.

Let us look at each of these considerations more closely. I believe the facts will show that economic aid has already gone on far too long. With each year of foreign aid we are compounding our errors and increasing the dependence of

foreign-aid employees and foreign governments on the continuation of these giveaway programs.

In the 14 years since the end of the Second World War, foreign aid of all kinds given or loaned by the United States has totaled more than \$70 billion. Of this total \$20 billion has been spent for military aid and can perhaps justifiably be called part of a mutual security program. With this sum we have increased our own security by helping nations allied with us build their military strength.

There is, however, no mutuality about the rest of the so-called mutual security program, nor can we honestly believe it is contributing to our security. On the contrary, our economic-aid programs have been a one-sided flow of assistance, with all the assistance going from the United States to the recipient countries. Instead of increasing our security, foreign economic aid has impaired it by strengthening governments and economic systems which are often working at cross purposes to our own at the expense of our own.

Thirty-five billion dollars of the money spent for economic aid, under post-war relief programs—the Marshall plan, the mutual security program, and various other pet nicknames—have been simply given away with no hope or expectation of repayment.

That reminds me of some of the Communist organizations. They always pick out a good name, so that the people will look upon the organization with approval. If Senators notice the names the Communists give some of the programs, they will notice the similarity. When the Communists come to America, they pick out a name like "Jeffersonian Society," or "Liberty Society," or something of that kind.

Many of the loans have been on easy, favorable terms which would be unavailable elsewhere or for projects which sound financial institutions would be unwilling to back.

When the Marshall plan was passed in 1948, we were led to believe that economic aid would be necessary for only 4 years, and that the recovery in Europe would be such that we could end the relief programs which had been continuous since the end of the war. However, the Marshall plan, which cost \$12 billion, was only the beginning.

After the completion of the Marshall plan the foreign aid bureaucracy, which has a vested interest in the continuation of foreign aid, decided it was necessary to continue economic aid to Europe under the more palatable name of defense support. This added another \$2,800 million to our bill. Although defense support for most of the members of NATO was not programed after 1955, we are still being asked to give more so-called defense support to Greece and Turkey, as well as Korea, the Republic of China, Vietnam, the Philippines, Laos, Cambodia, Thailand, Pakistan, Iran, and Spain.

There are other countries in which economic aid cannot possibly be justified under the pretext of defense support be-

cause the United States is not helping to support the military forces to any significant degree. In these countries economic aid is called special assistance. Under this category we are asked to provide additional millions to Afghanistan, Bolivia, Burma, Ethiopia, Haiti, Indonesia, Jordan, Liberia, Libya, Morocco, Nepal, Somalia, Sudan, Tunisia, and Yugoslavia.

Some of these names can hardly be pronounced, when one reads them, but we give aid to those countries just the same.

Finally, just to make sure that almost every country in the world has a fair chance in the grab bag, we are asked to authorize several hundred millions of dollars for the Development Loan Fund to make its easy loans, and a couple of more hundreds of millions for technical assistance.

We let them give it away here, there, and yonder the world over.

Donations or soft loans from the United States are already considered a right by many countries who have become so accustomed to U.S. aid that there is a huge outcry at any attempt to end it.

It is just like a little child. If one gives a child a stick of candy, when he comes back if one does not give him another, he thinks something is wrong, since he wants another stick of candy.

It is time that we realized that with each extension of the foreign-aid program not only does the bill to our taxpayers rise, but the other countries of the world become more and more dependent upon the U.S. aid to bail them out of any difficulty.

What I wonder about is, who is going to bail us out of our predicament right now, when we are running a deficit of about \$18 billion a year?

Extravagance and waste in the expenditure of the foreign-aid funds are tremendous. Evidence of this comes from official, reliable sources. The audit reports of the Comptroller General, in those instances in which teams have been sent abroad to investigate aid programs in specific countries, time after time cite cases in which projects are poorly planned, progress is unsatisfactory, accounting and procurement procedures are unsatisfactory, equipment is used ineffectively, or plans are changed mid-stream and project funds are reprogrammed with additional waste.

In Pakistan one of the auditing teams observed 10 dump trucks, procured at a total cost of \$265,000, standing idle while the earthmoving work was performed by women with head baskets and burros. The dump trucks, it was discovered, were not suited to the nature of the soil. Moreover, it was difficult to train operators of complex equipment, and labor was abundant, so women were used instead of the dump trucks which our money had purchased. A very recent report on the program in Pakistan concluded:

We believe that the program has been more costly and less beneficial for the economic development of Pakistan than would be expected by reasonable standards of competent management.

In Lebanon the auditing team found that several projects which had been undertaken had to be discontinued with

the admission that they were not in the best interests of the program. Such projects included a youth hostel and a rest house in a project to promote tourism. Moreover, some \$273,000 had been spent for the rehabilitation of denominational schools. We would have thought at one time it probably would be impossible to give the taxpayers' money and the U.S. Government's money to denominational schools. The auditing team reported that this project had finally been taken off the aid rolls "because of political implications which arise when one or the other religious group is supported with U.S. assistance funds."

After reviewing several of these audit reports, the House Committee on Government Operations decided to conduct a detailed analysis of the huge aid program in Iran. I read some of the conclusions of that report:

The United States aid and technical-assistance programs in Iran which, between 1951 and 1956, totaled a quarter billion dollars, were administered in a loose, slipshod, and unbusinesslike manner.

The so-called expanded technical-assistance program which began in January 1952 and resulted in United States obligations of over \$100 million in a 5-year period, was neither technical assistance nor economic development, but an ad hoc method of keeping the Iranian economy afloat during the years of the oil dispute. * * *

Amounts requested for United States aid to Iran seem to have been picked out of the air. There is no evidence that they were based on advance study of what the Iranian economy needed, the amount it could absorb, or programs which could be intelligently administered by the United States personnel available at the time to expend the funds.

The program in Iran seems to be an excellent example of the many botches which have been made in the aid program. In that country we spent \$3 million to build a road to a proposed damsite before there was even a firm contract for the financing of the dam. We helped the Iranian Government meet its payroll following Premier Mosaddegh's fall, and while we were doing this the Iranian Government took the opportunity to raise the salaries in its civil service.

Aid to Iran has been made so hastily in some instances that it has been years later before the foreign aid bureaucrats could account for it all. In fact, the International Cooperation Administration admitted last year that 2 percent of an early group of equipment valued at \$25 million was still not formally documented and accounted for.

Iran is not the only country where the waste of foreign aid has been dramatized by particularly lavish or thriftless projects. In Formosa a treatment plant for concentration and finishing of mica and quartz products was built with assistance from foreign aid funds and then it was found that there were not sufficient quantities of mica for a commercial mining operation. In Jordan roads are being built, although there are fewer than 9,000 automobiles in that country, and in Afghanistan we are financing airports, although land transportation is in a very primitive stage. In Korea and Formosa, where

little or no wheat is grown and it is necessary to import wheat, we have helped erect flour mills instead of allowing United States mills to process the wheat and then ship flour.

It was disheartening to me recently on the floor of the U.S. Senate to hear Members of the Senate, who now hope for passage of a tremendous foreign aid bill, cry about the unbalanced budget and declare that we could not afford a few extra million dollars to help speed up the research programs to save American lives from the everyday diseases that are killing Americans by the millions every year.

Any time a program is authored and sponsored in Congress to help the American people in any way, the cry goes up that we cannot afford it; but when billions of dollars are asked for foreign aid, the White House and the State Department crack the whip and a majority of the Congress usually follows.

Not only is foreign aid ravenously consuming the hard-earned dollars of the American taxpayers at the expense of domestic needs; it is building up industries which, because of the low wages prevailing in other countries, will be able to sell their products in the world market at a lower cost than our manufacturers can. We are even establishing new or revitalizing old industries in foreign countries when those same industries are already overcrowded or our domestic industry is in trouble.

For example, our foreign-aid programs have stimulated and financed textile industries in foreign countries when the free world already has excess capacity in this industry. After American assistance had helped Japan recover from the war, Japanese textile imports became very damaging to the American textile industry. Although Japan agreed to regulate its exports, the United States is facing additional competition from other countries in which aid has built textile industries. It has been reported that in 1955 there was only one textile manufacturing enterprise in the Philippines, but that recently the International Cooperation Administration predicted that there would be 29 textile manufacturing enterprises in this country which formerly imported fabrics. In Iran, which had also previously imported textiles, we spent almost half a million dollars to build automatic looms and help that country become more self-sufficient.

It is common knowledge in the textile industry of the United States that France, Italy, and the United Kingdom, including England, as well as smaller countries without a highly developed textile industry, have all received foreign aid from the United States for the purchase of textile machinery. Of course, goods made by these countries enter the world market and our own domestic market in grossly unfair competition with our textile industries. As a result, we have lost export markets, and we have seen our domestic markets shrink, and, one might say, handed over on a silver platter to the rising foreign imports.

From 1946 to 1957—11 short years—American exports of cotton cloth de-

clined 29 percent, while imports went up 175 percent; exports of manmade fiber fabrics declined 27 percent, while there was a fifteenfold increase in imports; imports of woolen woven fabrics increased 639 percent, while exports declined by 97 percent, with the result that the domestic woolen and worsted industry has been virtually cut in half in terms of production, employment, and machinery in place.

In view of the fact that wages of textile workers in foreign countries range down to as much as one-tenth of the earnings of comparable American workers, it is apparent that the competition between foreign and domestic textiles can scarcely be considered fair. Nevertheless, during this period in which foreign production has vastly increased and when our own textile industry has declined during a period of general economic growth, we have been giving aid to this foreign industry.

I well remember that back in the 1940's there came before us a group of Senators representing States with textile industries. They pictured to us the need for giving to one nation a quarter of a billion dollars to rehabilitate its textile industry. They got most of that money.

Situations such as this are necessarily the result of our illogical foreign-aid program. From the time of the Marshall plan on, we have helped increase the economic productivity of other countries. Our foreign aid has provided new machinery and modern equipment so that industrial countries such as the United Kingdom, Japan, and Germany could rebuild the industrial potential which had been damaged in the war. We have helped numerous other countries build new industries and increase their productivity. Many foreign factories now have machinery as modern as ours, and in some instances more up to date. In addition, we have taught foreign productivity teams our production techniques to help them increase their efficiency further. Now the revitalized productive capacities of foreign nations are outpacing their own ability to consume.

To show how the foreign countries have another advantage of the United States—I observe the chairman of the Committee on Agriculture and Forestry, the Senator from Louisiana [Mr. ELLENDER], in the Chamber; he will bear me out—they buy cotton on the average 6 cents a pound cheaper than manufacturers in the United States can buy it. The Secretary of Agriculture has issued an order that on August 1 the price will be cut even more than that. There will be an 8 cents a pound differential between the manufacturers in the United States and the manufacturers in other countries.

Mr. BRIDGES. Mr. President, would the Senator from South Carolina object to being interrupted now, or would he prefer to finish his speech?

Mr. JOHNSTON of South Carolina. I should like to complete my speech first, unless the Senator wishes to speak about something which will not take much time.

Mr. BRIDGES. Do I understand correctly that the Senator from South Car-

olina is speaking to the amendment he has submitted?

Mr. JOHNSTON of South Carolina. No; I am speaking to the bill.

Mr. BRIDGES. When the Senator has something to say about his amendment, I desire to give my approval to it. I think the Senator has acted correctly in offering it.

Mr. JOHNSTON of South Carolina. I shall call up the amendment later. I wanted to make my speech on the bill in general, first.

Mr. BRIDGES. I thank the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I thank the Senator from New Hampshire.

As a result of our foreign aid program, these countries are becoming exporters and their products are competing with American products, not only in foreign countries but even in the United States.

According to a report of the American Tariff League, in 1956 imports of stainless steel flatware displaced 37.5 percent of domestic production in the American market. Seven plywood plants closed down in South Carolina in 2 years, with foreign competition a major factor, and other areas manufacturing wooden products were placed in difficulty as a result of low-priced foreign merchandise. Many segments of our domestic fishing industry have been suffering from increased imports, while in our foreign-aid program we help other countries expand their fishing industries.

Mr. EASTLAND. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield for a question.

Mr. EASTLAND. Does the Senator see any point in our giving technical aid or any other kind of assistance to any country which is taking American property without due compensation for it, such as is happening in Cuba under the Castro regime?

Mr. JOHNSTON of South Carolina. I certainly do not. I believe the amendment I shall offer later will prohibit the United States from giving any aid to any country which confiscates property belonging to the United States or to any citizen of the United States.

Mr. EASTLAND. Does not the Senator believe that a Communist-influenced government controls one of our close neighbors, namely, Cuba?

Mr. JOHNSTON of South Carolina. I fear that that is so; I could not say definitely as to that.

Mr. EASTLAND. The Premier of Cuba, Fidel Castro, says he is against dictators and is for democracy. Yet he has the power to appoint the president of Cuba. Castro is a dictator in fact. His brother, Raul Castro, who commands the armed forces of Cuba, recently spoke at the opening of the Agrarian Law Forum in Havana. I quote from an article published in the New York Times of Tuesday, June 30, 1959, which comments on Raul Castro's speech at that meeting:

He severely criticized the United States as having dominated Cuba since she became a republic and having forced the island into economic dependence from which the Castro revolution would rescue it. He re-

jected the United States request for just, prompt, and effective payment for the hundreds of millions of dollars' worth of American-owned lands that are to be expropriated.

I repeat the last sentence:

He rejected the United States request for just, prompt, and effective payments for the hundreds of millions of dollars' worth of American-owned lands that are to be expropriated.

Does the Senator from South Carolina believe that under conditions like that the American people should be taxed to help to entrench such a person in power?

Mr. JOHNSTON of South Carolina. I certainly do not. When the Senator from Mississippi asked me a few minutes ago if I thought the Government of Cuba was run by Communists—

Mr. EASTLAND. I said "influenced." Mr. JOHNSTON of South Carolina. Influenced. Although Castro says he is not a Communist, I cannot help thinking of the words of Emerson:

I cannot hear what you say when what you are speaks so loudly in my ears.

Mr. EASTLAND. The head of the Cuban Air Force resigned because of Communist infiltration in the Air Force of Cuba.

Mr. JOHNSTON of South Carolina. That is exactly correct.

Mr. EASTLAND. Does the Senator from South Carolina realize that Castro is attempting to export revolution all over the West Indies and in the entire Caribbean area?

Mr. JOHNSTON of South Carolina. I think he is trying to stir up revolution in every little island in every country in South America where he can possibly do so.

Mr. EASTLAND. Does the Senator think it was an accident that the first revolution Castro instigated was in Panama? It was, in fact, a strike at the jugular vein of the United States. It would have put a Communist government adjacent to the Panama Canal. That was not an accident; that was a shrewd Communist trick.

Mr. JOHNSTON of South Carolina. I agree 100 percent with what the Senator from Mississippi has said. We all realize that if the Communists ever get control of Panama, with our Panama Canal located there, we will be cut off from the East and the west. It would be the best military and political stroke the Communists could make.

Mr. EASTLAND. That was a shrewd scheme. In my opinion, it showed Communist guidance and direction. Does the judgment of the Senator from South Carolina coincide with mine?

Mr. JOHNSTON of South Carolina. I agree with the Senator from Mississippi in that statement. If anyone will stop to reflect on that for a minute, I think he will have to agree with it.

Mr. EASTLAND. I thank the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I thank the Senator from Mississippi.

Successful competition against American products, as we all know, is possible primarily because other countries do not have the high wages which American

labor enjoys. I am one who is glad to see the American laborer get a high price for his labor. I have always advocated and have voted for the minimum wage law whenever it came before the Senate.

For example, at a time when the average hourly earnings in industrial occupations in this country was \$2.08, in Canada it was \$1.59, in Sweden 83 cents, in the United Kingdom 61 cents, in West Germany 55 cents, and in Japan only 22 cents. Needless to say, goods made with this low-priced labor can hardly be considered fair competition. By distributing modern machinery throughout the world under our foreign-aid program, we are losing the advantage of efficient productivity which used to compensate for our high-labor cost.

Labor in the United States had better wake up to what is taking place under foreign aid. Foreign aid is eating at the foundation of the very high wages which are being received at present. I compare foreign aid to termites in a building. They eat away at the foundation of a building. Similarly, foreign aid is eating away at the rights of labor and at the high standards of modern-day living in the United States.

Is there any justification for these wasteful expenditures which threaten to bring disaster to many of our industries and the workers employed in those industries?

Foreign aid is theoretically supposed to promote our national interest throughout the world. In practice, however, this is not the case. Our national interest lies in the encouragement of governments with the same values we cherish. In the political sphere we should be promoting liberty and democracy. In the economic sphere we should foster the system of free enterprise under which the United States has grown from an undeveloped country to a mighty industrial nation in less than 200 years.

Our foreign aid is not limited to those countries which have governments or economic systems similar to ours, however. On the contrary, it is frequently bolstering regimes which are opposed to our institutions. The most glaring instances of misuse concern the large amounts of assistance to Yugoslavia and the credits extended to Poland. Proponents claim that the foreign-aid program is a method of preventing the spread of communism. How can this possibly be reconciled with the fact that we are giving aid to Tito, the Communist dictator of Yugoslavia, and Gomulka's Communist puppet regime in Poland? It is a part of Communist teaching that capitalism is incompatible with their economic system, and that one or the other system must triumph in the end. To give aid to a Communist government is to strengthen an enemy for the battle.

There are other governments which should not be encouraged, but are receiving assistance under the mutual security program.

We fought the First World War to make the world safe for democracy. We fought the Second World War against dictators. Now, however, we give aid to

countries in which there is no democracy and in which dictators rule with an iron hand over the people, forbidding them freedom of speech, and suppressing them in other ways which are reminiscent of Hitler and Mussolini.

We give aid to countries where monarchs live in wealth and splendor while their people live amid poverty and disease. I have visited some of those countries, and have seen such conditions with my own eyes. We give aid to many countries in which socialism is the basis of the economy, and to other countries in which corruption is rife. In all of these cases our aid helps the forces to which we are opposed. Our aid helps the dictators to stay in power. It helps the Socialist economies to succeed. It helps line the pockets of the corrupt.

Unless the political, economic, and social systems within a country are founded upon the principles in which we believe, aid from us will not help our interests, nor will it bring much comfort to the people within those countries.

An excellent example may be found in the countries in Latin America where there is a tremendous disparity between the wealth of the few and the poverty among the masses. I have been down there, and have seen that, too. The able senior Senator from Louisiana [Mr. ELLENDER], after a firsthand study of Latin America, just last fall, reported that:

Much of the economic and related assistance already made available to this part of the world has, as in the case of economic development, further enriched the well-to-do, with only a pittance trickling down to those who need help the most.

The Senator from Louisiana continued, in his report, which was made on the floor of the Senate:

We certainly must not place ourselves in the position of actually fostering dissatisfaction and unrest, while attempting to do just the opposite.

And yet, under existing conditions, and without far-reaching Latin American internal reforms, further U.S. economic assistance is destined to produce that result.

So long as existing conditions prevail, so long as established international economic patterns exist—patterns which automatically direct the fruits of economic gains into the pockets of the rich instead of into the thirsty mouths, the sick bodies, and hungry bellies of the poor—U.S. aid will inevitably benefit only the wealthy.

Mr. President, if we are honest with ourselves, we must admit that the gigantic sum spent on foreign aid has been little more than an open attempt to bribe the recipient nations to stay on our side in the cold war, or, if that appears to be asking too much, at least not to move any closer to the Soviet Union.

The proponents of economic aid fail to realize that any country whose support for freedom depends upon an annual payment can scarcely be considered dependable. The only countries which can be counted upon to help in the defense of the free world are those which cherish liberty and democracy for their own sake. Either the giving or the withholding by us of aid will not change the views of a country which truly loves free-

dom. On the other hand, if a country does not value freedom enough to voluntarily refuse to move toward the Communist camp, no amount of aid can buy that country's loyalty.

One of the main political results of our foreign aid has been the breeding of resentment and hostility in countries where Americans were once liked and respected. How it sickens me to visit foreign countries and see written on the walls "U.S., go home—U.S., go home." The image of the United States which has been built up aboard with foreign aid was aptly described in the title of the controversial book, "The Ugly American." It is a fact of human nature that people do not like to be under obligation to others, that they resent the giver and the lender. Mr. President, Senators should think of experience of that sort which they, themselves, have had. No doubt many of us have had the experience that if we lend money or give money to someone—but especially if we lend money to someone—later we find that he does not wish to pay back the loan; and when he sees us approaching, he crosses to the other side of the street, so as to avoid meeting us.

Shakespeare wrote, many years ago:
Neither a borrower nor a lender be:
For loan oft loses both itself and friend.

In our own country, Ralph Waldo Emerson wrote along the same lines:

We do not quite forgive a giver. The hand that feeds us is in some danger of being bitten.

Frequently the bigger the aid program and the more Americans required to administer the program, the greater the resentment. Other countries simply do not like the constant presence of foreigners who give advice on their domestic problems, any more than we would like to have a foreigner come to America and tell us how to run our affairs.

Proponents of the mutual security program will frequently acknowledge the resentment which is created by the extension of foreign aid, and admit that in many areas Americans are not liked today. However, they overlook the latent or open hostility, and say that we do not wish to win any popularity contest, that we only want respect, or that we do not care, so long as we promote peace, economic development, and stability. We are never going to gain respect, however, so long as we try to buy our objectives and so long as we are naive enough to put money into the pockets of governments which have no intention of ever coming to our assistance in time of crisis. We are not going to promote peace, economic development, and stability by assisting undemocratic regimes and fostering excessive competition.

Mr. President, the time to bring economic aid to an end is long overdue. Let us not continue to throw good money after bad by continuing the economic portions of the mutual security program any longer. We do not need to worry about an overly abrupt termination, because there are millions of dollars in the pipeline between our appropriations of the past and actual expenditure of the funds.

The important thing is to allow no more funds to be wasted abroad when an unbalanced budget will not permit many projects which are needed here at home. If we want to build dams, let us build them in this country. If we want to help industries, let us help those in our country which are shut down, and put all of our unemployed back to work. If we want to go further into debt, let us do so for stronger Armed Forces which really will increase our security.

Let us not, however, authorize another dollar for foreign economic aid.

Mr. President, I ask unanimous consent that an amendment which I have at the desk be read at this time. It is identified as "7-1-59-N."

The PRESIDING OFFICER (Mr. McGEE in the chair). The amendment to the committee amendment will be stated.

The amendment to the committee amendment was read, as follows:

On page 28, after line 24, insert the following:

"SEC. 552. PROHIBITION ON ASSISTANCE TO CERTAIN COUNTRIES.—None of the funds authorized to be appropriated or otherwise made available by this act shall be used for assistance to any country which the President may determine is engaged in the nationalization, expropriation, confiscation, or other taking without adequate compensation of property owned by the United States or any national thereof."

Mr. JOHNSTON of South Carolina. Mr. President, I suggest the absence of a quorum.

Mr. KUCHEL. Mr. President, will the Senator withhold his suggestion of the absence of a quorum?

Mr. JOHNSTON of South Carolina. I have the floor. I was trying to dispose of the amendment I have.

Mr. KUCHEL. I wanted to speak on another subject.

The PRESIDING OFFICER (Mr. McGEE in the chair). The Senator from South Carolina has the floor. Does he yield?

Mr. JOHNSTON of South Carolina. I yield for the purpose stated by the Senator from California, with the understanding that I do not lose the floor.

THE CRISIS IN THE TUNAFISH INDUSTRY

Mr. KUCHEL. Mr. President, I speak to Senators today in behalf of a vital segment of America's food producers—the American tuna fisheries industry located primarily on the west coast. It is now 3½ years since the able Senator from Washington [Mr. MAGNUSON] and I sponsored a resolution (S. Res. 186) requesting that the U.S. Tariff Commission make a study of the effect of tuna imports on the domestic market. The Tariff Commission's report was published in May of last year. During the same month, the Bureau of Commercial Fisheries of the Department of Interior published a report on the competitive status of the domestic yellowfish, skipjack, and bigeye tuna fishery. Both studies provide convincing proof that the primary producers for the industry—the boatowners and fishermen—are being forced into bankruptcy despite the great

increase in the consumption of tuna in the United States.

Mr. President, this is a deplorable situation. These fine Americans, who have spent their lives developing a great food source, are going down for the third time, swamped by the vast flood of Japanese-caught tuna which has been pouring into American canneries. In a little more than a decade American tuna producers who supplied 92 percent of the market in 1948 supplied only 46 percent last year. And by next year, if any American tuna-boats are still operating, they will have to compete with the planned, stepped-up sales of foreign imported tuna to American canners, which may easily jump another 25 percent in the next few months. This will mean the extinction of the American tuna fishery producers at a time when other nations of the world plan to expand their own fishing industry.

The Soviet Union is a leading example. The Soviets are currently having tuna-boats built in Kiel, Germany, and will expand this segment of their fisheries industry in line with Mr. Khrushchev's current 7-year plan. Their aim is to overtake the Japanese and all others as the leading fishery producer in the world by 1965.

Mr. President, I have long supported our reciprocal trade legislation. And I welcome the economic recovery which has enabled our good friend, Japan, to strengthen and enlarge this major part of her economic life. But as an American, Mr. President, I do not believe that it is our responsibility to put a critical part of our own industry out of business in order to maintain friendly relations across the seas. I am convinced that the Japanese, above all, do not want this to happen; yet such a fate is inevitable with the Japanese suppliers able to undersell American producers by \$30 to \$40 a ton.

Imports of Japanese tuna have skyrocketed, especially fresh and frozen yellowfin and skipjack tuna, which have never been subject to any form of tariff restriction. And canned tuna in brine, which is dutiable at 12½ percent, has taken a major spurt upward. All efforts to find an equitable solution for this tragic plight of our own tuna fishermen and boatowners have thus far failed.

Mr. President, we face an emergency. I use that generic term applicable to individual and group situations as well as to the state, because it connotes the existence of conditions suddenly intensifying the degree of existing danger to life or well-being beyond that which is accepted as normal. An emergency requires extraordinary and prompt corrective action.

I therefore propose that the U.S. Government and the Japanese Government sit down around a table and talk out a long-range solution to this perennial tuna import problem, with the delegations from both countries equipped with adequate advisers well versed in their respective tuna industries and the trade in tuna between the two countries and in the world. The benefits of these discussions would be backed, in great part, on a fair and reasonable agreement as

to the price at which tuna would be sold f.o.b. Tokyo, without damage to the economy of either country.

In all that I have to say here, Mr. President, I wish to make it abundantly clear that I want our friendly relations and our good will with the people and the Government of Japan to continue to grow, to broaden and strengthen as time goes by. The mutual interests of these two great free nations insure that an amicable and effective agreement can, should, and must be reached.

The PRESIDING OFFICER. The Senator from South Carolina has the floor.

Mr. FULBRIGHT. Mr. President, will the Senator yield to me for the purpose of suggesting the absence of a quorum?

Mr. JOHNSTON of South Carolina. I yield for that purpose, without losing my right to the floor.

Mr. HILL. Mr. President, will the Senator yield to me before that is done?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Alabama.

EXTENSION OF BEST WISHES TO AMERICAN DENTAL ASSOCIATION

Mr. HILL. Mr. President, I ask the Chair to lay before the Senate the amendment of the House of Representatives to Senate Concurrent Resolution 7.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the concurrent resolution (S. Con. Res. 7) extending best wishes of Congress to the American Dental Association on the centennial of its founding, which was, on pages 1 and 2, inclusive, strike out all except the last three lines of the preamble.

Mr. HILL. Mr. President, I have conferred with the distinguished Senator from Arizona [Mr. GOLDWATER], who is the ranking minority members of the Committee on Labor and Public Welfare. He is in full agreement with the Senate's concurring in the House amendment.

I move that the Senate concur in the amendment of the House of Representatives to Senate Concurrent Resolution 7.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to.

AMENDMENT OF NATIONAL BANK AND FEDERAL RESERVE ACTS, RELATING TO CERTAIN RESERVES REQUIRED OF MEMBER BANKS

Mr. ROBERTSON. Mr. President, will the Senator from South Carolina yield for the appointment of conferees?

Mr. JOHNSTON of South Carolina. I yield with the understanding that I do not lose the floor.

Mr. ROBERTSON. Mr. President, I ask that the Chair lay before the Senate the amendment of the House of Representatives to Senate bill 1120.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1120) to amend the National Bank Act and the Federal Reserve Act with respect

to the reserves required to be maintained by member banks of the Federal Reserve System against deposits and to eliminate the classification "central reserve city," which was, to strike out all after the enacting clause and insert:

That section 19 of the Federal Reserve Act, as amended, is further amended by striking out the provisos in the fourth and fifth paragraphs of such section, lettered (b) and (c), respectively (U.S.C., title 12, sec. 462), by changing the colon in each such paragraph to a period, and by adding after such fifth paragraph the following:

"Notwithstanding the other provisions of this section—

"(1) the Board of Governors, under such regulations as it may prescribe, may permit member banks to count all or part of their currency and coin as reserves required under this section; and

"(2) a member bank in a reserve city may hold and maintain the reserve balances which are in effect under the section for member banks described in paragraph (a), and a member bank in a central reserve city may hold and maintain the reserve balances which are in effect under this section for member banks described in paragraph (a) or (b), if permission for the holding and maintaining of such lower reserve balances is granted by the Board of Governors of the Federal Reserve System, either in individual cases or under regulations of the Board, on such basis as the Board may deem reasonable and appropriate in view of the character of business transacted by the member bank."

SEC. 2. (a) The fifth paragraph of section 19 of the Federal Reserve Act, lettered (c) (U.S.C., title 12, sec. 462), is amended by striking out the word "thirteen" in such paragraph and substituting in lieu thereof the word "ten".

(b) The sixth paragraph of section 19 of the Federal Reserve Act (U.S.C., title 12, sec. 462b) is amended by striking out the words "on the date of enactment of the Banking Act of 1935".

(c) The seventh paragraph of section 19 of the Federal Reserve Act is amended by striking the period at the end thereof and adding the following: ", except that the maximum amount of reserves that may be required to be maintained against demand deposits by member banks in reserve cities shall be 22 per centum."

SEC. 3. (a) The amendments made by the first two sections of this Act shall be effective on the date of the enactment of this Act.

(b) Effective three years after the date of the enactment of this Act—

(1) New York and Chicago are reclassified as reserve cities under the Federal Reserve Act;

(2) the classification "central reserve city" under the Federal Reserve Act, and the authority of the Board of Governors of the Federal Reserve System to classify or reclassify cities as "central reserve cities" under such Act, are terminated;

(3) section 5192 of the Revised Statutes of the United States (12 U.S.C., sec. 144) is amended by striking out "central reserve or";

(4) section 2 of the Act of March 3, 1887 (ch. 378; 24 Stat. 560) is repealed;

(5) the last paragraph of section 2 of the Federal Reserve Act (12 U.S.C., sec. 224) is amended by striking out "and central reserve cities";

(6) section 11(e) of the Federal Reserve Act (12 U.S.C., sec. 248e) is amended by striking out "and central reserve" each place it appears;

(7) the third paragraph lettered (a) of section 19 of the Federal Reserve Act (12 U.S.C., sec. 462) is amended by striking out "or central reserve";

(8) the fifth paragraph lettered (c) of such section 19 is repealed;

(9) subparagraph (2) of the sixth paragraph of such section 19 as added by the first section of this Act is amended by striking out "and a member bank in a central reserve city may hold and maintain the reserve balances which are in effect under this section for member banks described in paragraph (a) or (b)."; and

(10) the seventh paragraph of such section 19 is amended by striking out clauses (1), (2), (3), and (4) and inserting in lieu thereof the following: "(1) by member banks in reserve cities, (2) by member banks not in reserve cities, or (3) by all member banks".

Mr. ROBERTSON. Mr. President, I move that the Senate disagree to the amendment of the House, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ROBERTSON, Mr. FULBRIGHT, Mr. SPARKMAN, Mr. FREAR, Mr. CAPEHART, and Mr. BENNETT conferees on the part of the Senate.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. JOHNSTON].

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Alaska.

Mr. GRUENING. I listened with great interest to the very excellent exposition of the distinguished Senator from South Carolina. I wondered if he had read an item in today's New York Times, a dispatch from Havana, which appeared on the front page, of which I should like to read the first paragraph. It is dated Havana, July 1:

The Cuban revolutionary armed forces are searching for the former chief of the air force, Maj. Pedro Luis Diaz Lanz. Major Diaz resigned yesterday on the ground that there was a great deal of Communist influence in the revolutionary army and the Castro government.

I have no idea whether this information is correct, but in view of the fact that the proposed budget contains a very substantial sum for military aid, the amount of which I am forbidden to disclose because it is marked "secret," does the Senator think it would be advisable for us to withhold military aid to a government whose army may be riddled with Communists?

Mr. JOHNSTON of South Carolina. I think so. I think when a secretary of the air force of another country resigns and gives us the reason, he is in a better position to know what is going on in the country than we are.

Mr. GRUENING. Should it not be assumed that when this man who was chief of the air force at the time of the Castro rebellion, and was in a responsible position in the Government, sees

fit to resign and risks execution, he must have substantial ground for his allegation?

Mr. JOHNSTON of South Carolina. He certainly must have believed strongly in his opinion to have expressed his views under the circumstances in which he made them known.

Mr. GRUENING. Is it not the height of folly for us to send all kinds of equipment, supplies, arms, and ammunition to a government against which this charge is made by one who, up until a few days ago, was one of its responsible leaders?

Mr. JOHNSTON of South Carolina. It certainly is. Communists have infiltrated countries in that area and are trying to stir up wars and trouble between other Latin American nations.

Mr. GRUENING. Does not the Senator think it folly to supply arms and ammunition to dictator governments that cannot possibly be of assistance to us in a war against Communists, but would use such arms only to suppress their own people?

Mr. JOHNSTON of South Carolina. I think it is a big mistake to send money to those countries, and term it aid or military assistance, or under whatever name it might be called. Any economic aid to any communistic dictator is bad. I disapprove of it.

Mr. GRUENING. Is the distinguished Senator from South Carolina aware that the proposed budget contains practically as much money for arms to South America as the last budget, despite the fact that the folly of that practice has been amply demonstrated?

Mr. JOHNSTON of South Carolina. I think it is folly, from what has been happening within the past few months, to be taking any sides in any country in that area, especially since it looks to me as if some of the governments there are honeycombed with Communists.

Mr. GRUENING. Are we not in effect taking sides when we give large amounts of money and supplies to an existing government, regardless of whether it is a dictatorial tyranny or a democratic government?

Mr. JOHNSTON of South Carolina. We are taking sides. As Senators will remember, immediately after Castro won, the United States was the first place he went after he was victorious in his revolution. I can imagine why he came to the United States. It was to keep us from taking the aid away for the next year, so that he could have the money and assistance he needed to succeed.

Mr. GRUENING. Does not the Senator from South Carolina think it is highly inconsistent with our long-declared professions of being the land of liberty, the land of freedom, and the land of equality, to subsidize these dictators whose brutality and bloodiness have been clearly demonstrated?

Mr. JOHNSTON of South Carolina. I think we are only building up Cuba, when we give any money, aid, or assistance knowing Cuba to be controlled by a Communist dictator. That is all Castro is, a dictator. He appoints the president and controls whatever legislature Cuba has. The people did not elect him. He succeeded by the sword, by bloodshed.

Mr. GRUENING. In other words, the Senator would assert we are not helping the Cuban people by our help to a tyrannist dictator, so that he can keep them in bondage.

Mr. JOHNSTON of South Carolina. That is entirely true.

Mr. CANNON. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield for a question?

Mr. CANNON. Does the Senator have any figure available as to the value of property held by U.S. nationals which is likely to be expropriated in the program in Cuba?

Mr. JOHNSTON of South Carolina. I do not have the exact figure. I heard a report, but, of course, I could not substantiate the figure. It is somewhere in the neighborhood of \$600 million.

Mr. CANNON. It is a very substantial amount.

Mr. JOHNSTON of South Carolina. In other words, it is almost the same amount of money as we hold of German and Japanese assets at the present time, which we vested during the war from those two countries. We have that much money invested in one little island. We have about \$60 billion worth of property invested in the countries around the world. If we approve the taking of our property in this small island, then we have \$60 billion worth of our own properties to worry about in all the countries of the world.

Mr. CANNON. In other words, it would be a fair invitation to a foreign country to proceed with a process of expropriation of property of American nationals, and still come to the United States to ask for aid under the foreign aid program?

Mr. JOHNSTON of South Carolina. That is true. When there has been taken from us approximately \$600 million, which is the estimated figure, if we give aid and assistance, that is the same as saying to the rest of the world, "We will not criticize you. You can take all the property of every individual U.S. national and of the Government in your country, and we will not hesitate a minute to give you aid and assistance." I think that is what would be the obvious result of our action today.

Mr. CANNON. I thank the distinguished Senator from South Carolina.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. FULBRIGHT. I think there is some misunderstanding in regard to the statement made that Cuba is being given large amounts of military aid. Cuba has not been given any military assistance since March of 1958. There is none in the present program, so far as I know, and there is no plan to give Cuba military assistance. The only assistance planned in the proposed legislation is \$500,000 of technical assistance, which is to try to teach the Cuban people the same sorts of things the county agents used to teach our farmers in the South.

Mr. JOHNSTON of South Carolina. We are sending aid of all kinds.

Mr. FULBRIGHT. There is no military aid.

Mr. JOHNSTON of South Carolina. I know there may be no military aid, but when we help them build up the country, and maintain its economy we are helping it from every military standpoint also, just as though we gave guns, bullets, or other weapons of war.

Mr. FULBRIGHT. I simply wanted the RECORD to be clear. The Senator is entitled to his opinion. We are not sending military assistance, as that term is used in the bill. There are no guns or armaments of any kind. There have not been any, I will say, since March of 1958, even prior to the time Mr. Castro took over. There is nothing but technical assistance provided, which is an educational program primarily to help the farmers, and perhaps some small businessmen in some cases. It consists of improving production of garden crops, teaching how to drill wells, to diversify agriculture, and so on. That is the nature of the aid. The aid would, of course, be intended to benefit the people of Cuba. There is no doubt about that. I do not think the benefit would be very direct to Mr. Castro; it certainly would be quite indirect.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Louisiana.

Mr. ELLENDER. As I understand the bill under consideration, it provides for military assistance to the Organization of American States. Cuba is a member of the Organization of American States. It is entirely possible that under the bill the President could make funds available.

Mr. JOHNSTON of South Carolina. The President has two funds available, of approximately \$200 million, which he can use as he pleases.

Mr. FULBRIGHT. If the Senator will yield, that assistance to the Organization of American States is a new proposal intended to assist the Organization of American States to develop the police force which would be used to prevent, we would hope, the incursion of people like Mr. Castro and others into neighboring countries. It is certainly not intended to be used to give direct aid through the Organization of American States to any particular country within the entire hemisphere.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Louisiana.

Mr. ELLENDER. The same statement could be made as to aid given by us to the countries of the Middle East. We gave Iraq, as all of us know, \$50 million in hardware, and they broke off. That hardware may be used against us at some future day.

Mr. JOHNSTON of South Carolina. That is absolutely true.

Mr. President, the purpose of the amendment I have offered to the Mutual Security Act of 1954, as amended, is to prevent the nationalization, expropriation, or confiscation either of Government-owned properties of the United States or the private properties of Amer-

ican nationals, invested in foreign countries.

The air we breathe, blowing in on us from some of our South American neighbors, is polluted with the communistic practice of confiscation. Many nations of socialistic leanings exercise an undoubted right of sovereignty by nationalizing privately owned properties of alien governments or of alien nationals. Such a practice is repugnant to our American free enterprise system. Such a practice is a contradiction of the American way of life. My amendment would prohibit the use of the American taxpayers' money earned under our free enterprise system by any country whose national policies would stifle or harm the system which produces the means for such foreign aid.

There are three principal threats to our American system of free enterprise. Those threats are embraced in the triple-headed evils of first, nationalization; second, expropriation; and, third, confiscation. These evils, whether socialistic or communistic, constitute the basic threat to our free way of life. Our economy, our industry, our accumulations and our present strength are due entirely to our regard for the unrestricted right of the ownership of private property within the compass of an unhampered exercise of such a right. We cannot consistently urge that our capital or that private industry be invested abroad unless we are willing to extend the same measure of protection which under our Constitution provides for the protection of property rights.

The modern world has been astounded by the miracle of development of the free enterprise system in West Germany during the past 10 years. At the close of the Second World War Germany in her total surrender lay prostrate. Her industries were destroyed. Her economy was wrecked. Her currency was valueless. It appeared that everything of material value had been lost in the misfortunes of war. She had, however, an indomitable will. She always had courage. She was blessed in her comeback by having men of courage, wisdom and foresight take charge of her economic and political affairs. I refer, among others, to such men as Herman J. Abs, Konrad Adenauer, and Ludwig Erhard. Each believed that Germany by hard work, frugal living and honest, ethical dealing would emerge from her ruins and assume her rightful place in the society of free nations. She, with our assistance under the Marshall and other foreign aid programs, has become one of the leading nations in Europe. She is a true exponent of the capitalistic free and competitive enterprise system. In a brief private conversation with Vice Chancellor Erhard on the occasion of his recent visit to the United States, Dr. Erhard stated to me that Germany was willing to assist the United States in helping the under or less developed nations to restore their economies, but that Germany must insist that her investments in capital or industries abroad be protected from the evils to which my amendment is directed. Certainly it is not asking too much of this Congress

that it deny funds in the present or any other aid program if in giving such funds we may endanger American foreign investments in the countries who may receive our aid. Shall we aid them—such governments—shall we stabilize them, or shall we make it possible, by aiding them, to destroy the properties of Americans who have followed the lead of our Government or the insistence of trade associations by engaging in foreign trade and investment?

I assured the German Minister of Economic Affairs that our strength, as a Nation, was built upon the solid rock of the sanctity of private property; that, as a Nation, we were wedded to the concept of the inviolability of property rights. I further told him that it was my solemn conviction that property rights, respected and protected under law, formed the cornerstone of our governmental structure and our success as a Nation. I remarked to him that this practical and political concept entertained by Americans found lasting and permanent support in Holy Writ, whose teachings should be the rule and guide for men of every faith who deserved to be called civilized.

Let me revert to my original thought. The news over the radio, the items which we read on the news ticker and in the press of today alert us to what is happening just off our shores in certain South American countries. Many recognize that one of our foremost authorities on South American affairs is the distinguished writer and world traveler, Mr. Edward Tomlinson. On Monday, June 22, he wrote an article for the Washington Daily News. It is so pertinent to this discussion that it is worth reading in its entirety.

I shall not take the time to read it, but I ask unanimous consent to have it printed in the RECORD at this point as part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

There is grave concern among the highest officials here as well as among private investors throughout the country, over the fate of more than \$8 billion worth of American-owned properties in Latin America.

Egged on by flaming nationalist politicians, leftist intellectuals and labor leaders, not to mention Communist propagandists and agitators, some of the most advanced of our sister Republics are expropriating lands and business firms owned by U.S. citizens, or threatening to do so.

CRY FOR HELP

Worst of all, this new onslaught on private North American investments comes at the very time when all the countries are crying for economic and financial help, also at the time when Uncle Sam, the Government of this country, has shown a greater willingness to extend it than in many a year.

The new Cuban revolution land reform, which requires every American and other foreigner to divest himself of every foot of sugarcane and other agricultural land he owns, is not the only confiscatory action the Castro regime has taken against our people.

The Cuban authorities had already occupied the giant American & Foreign powerplant in Havana and intervened in the U.S.-owned telephone company. Last week the Cuban armed forces occupied the big

real estate holdings on the Isle of Pines belonging to Miami real estate developer, Arthur Vining Davis and others, who were in the process of spending millions for improvements.

BRAZIL SETUP

In Brazil, our oldest friend on the South American Continent, the state government of Rio Grande do Sul, has grabbed the big American and foreign powerplants in Porto Alegre and other cities. Now the Brazilian Congress has appointed a committee to investigate and ascertain the value of all other public utilities in the nation, in event of expropriation.

In spite of the tremendous inflow of new U.S. capital in the last few years, Mexico is still carrying out expropriation proceedings against the few U.S. landholdings south of the border. Just a few weeks ago it finally took over the 400,000-acre Greene cattle ranch in the State of Sonora and agreed to pay about \$4 an acre for it.

ATTACKS

Although the governments of several of the countries, such as Argentina, Peru, Chile, and others, have recently taken steps to liberalize their laws so as to induce more U.S. private capital to come in, they are under withering attacks from the extremists for doing so.

The fanatical Peronista and Communist-dominated labor unions of Argentina are desperately trying to overthrow the government of President Arturo Frondizi for what they call selling out to the imperialist oil exploiters of Wall Street.

The worst thing about all this is the tendency of many of these governments to confiscate without adequate payment, even when they design to pay at all. The Governor of Rio Grande do Sul doesn't think the power company in his state should be paid for its plants because it made profits from them in the past.

Mr. JOHNSTON of South Carolina. Another distinguished writer on the events in Central and South America is Mr. R. Hart Phillips. He reported from Cuba in a special dispatch to the New York Times on June 9. In part, he said:

HAVANA, June 8.—More than 1,000 small tobacco farmers held 2 meetings yesterday in Pinar del Rio, capital of Pinar del Rio Province, to protest bitterly against Cuba's new Agrarian reform law.

Speakers at the meeting declared they would never surrender the titles of their land to the government or submit to the law. * * *

The impassioned speakers included farmers and former members of Premier Fidel Castro's 26th of July revolutionary movement. The speakers denounced the law as confiscatory and called it "an open attack on the most sacred right of civilized society, the right of private property."

One youthful revolutionist, Gustavo Fernandez Pino, asserted:

"The Government is taking the land of these small tobacco farmers under the guise of benefiting the nation when in reality it is destroying the foundations of the nation."

"I am not afraid of being called a counter-revolutionist or a thief because I defend what belongs to me," Macho Vidal, a tobacco farmer, told the cheering crowd. "I will continue to defend my land as long as I have breath, because what they want to take away from me is mine and I obtained it with great sacrifice, with the sweat of my brow and with tears, and it is the only thing I have to leave to my children."

Mr. President, I am sure my colleagues are familiar with other news items or from correspondence which are as dis-

tressing about conditions there as these I have read. They give us timely warning. They are an alert signal to us. These articles are not slanted. What these writers say is not for propaganda purposes. These writers are serious men dealing with the day by day events in the countries to the south of us. Serious conditions exist also in parts of Africa, Egypt, Algeria, in the Mideastern and Far Eastern countries. They are as threatening as those we read about in this hemisphere.

What do these recorded events portend? To what end do these actions lead us? The inescapable conclusion to every objective mind is that these countries either through internal subversion or threat of external invasion are veering closer day by day to communism. Confiscation is an act of barbarism. It is barbarity in the raw. The principal tenet of communism is the total lack of respect and regard for the sanctity of property rights. Communism is the very opposite of Americanism in its lack of respect for the results of man's labors—namely his property. Without the right to retain the fruits of one's labor, he becomes the slave of his master. The Russian State is the master of its peoples. Ownership of property, the right to one's earnings and the freedom to choose one's calling or occupation are all dictated by the all-powerful central Russian Government. These are some of the components of Russian communism.

What is now taking place to the South of us and, yes, in other parts of the world takes place according to the dictates of Karl Marx, Lenin, Stalin, and now Khrushchev. The leaders in China learned their confiscatory principles in the schools and colleges of Russia. Raoul Castro, the brother of Premier Fidel Castro, who is in charge of the Cuban military forces is a known and recognized Communist. Despite the verbal protestations of Fidel Castro to the contrary, he is at this moment dividing up the land in Cuba as though he or the state owned it. If he can take away the land and divide up another's property today, he can go over the same process tomorrow or next year. Ownership is not secure. The right of ownership is being destroyed. If Castro is not a Communist, he is certainly behaving like one. No Chinese leader, nor could Stalin in his heyday, portray to the world an example of a more devoted servant to the cause of communism than Castro has demonstrated himself to be. I hate communism, whether its dictator springs from the masses, the classes or from the aristocracy. Raw, cruel, inhuman, devastating and destructive communism deserves in its infamy no part of American foreign aid. The taxes wrong from the sweat and toil of Americans should never be used to aid any country which practices the principle concept of communism which is the total destruction of one's right of ownership of his private property. To that end my amendment is addressed. For security that our money may be used only in those countries whose leaders by concept and example prove that they have

a civilized view in the main purpose of my amendment.

I have never believed in appeasement. One cannot appease a hungry tiger. I don't think and have never thought that a man's friendship can be bought permanently. If a man's friendship is for sale, I don't want to become a bidder on the open market for it. Such friendship will not and cannot last long. I do not want my country to continue to suffer from the oppressive tax burden which lays its heavy hand on the shoulder of every American by giving our substance to those who would destroy us. We will suffer if we do not restrict the objects of our bounty to those who have a decent regard for man's inalienable rights. I do not want to see the American tax dollar used to solidify a dictator in power whose regard for the right of ownership of private property follows the Russian line. We pay and have paid a dear price in the mutual aid programs. I have never favored them. Mine at one time was the lone voice in the wilderness crying out against them. We have mortgaged our future and our children's future in these undertakings. We have fenced in our posterity with a terrible debt in these giveaway programs. We start our children and grand children off in a world of doubt and uncertainty. We do more. We weight their lives and future down with the terrible anchor of our misgivings and impractical delusions in the name of charity and foreign aid.

Today our debt in the United States would be approximately \$100 billion less, except for funds provided to support the foreign aid program.

In the name of all that is good that is left in us, in the name of all common-sense and decency, let us spare our country and its peoples from the curse of aiding any country which is dedicated to the causes that would destroy us.

If we are to pass this bill now before the Senate, let us restrict it, so that the gifts and loans we make are not used for our own destruction. Lend and give, if we must, to those who believe in at least some of the fundamental principles so near and dear to all Americans. I urge upon Senators with all the sincerity of my mind, heart, and soul, to adopt the restrictive provisions set forth in my amendment.

Mr. President, I should like to ask the chairman of the committee one question before I suggest the absence of a quorum.

Will the chairman accept the amendment and take it to conference? If not, I shall ask for a quorum. I desire a yea-and-nay vote on my amendment. I want the Senate to go on record as being in favor of or against giving aid to nations which confiscate the property of Americans.

Mr. FULBRIGHT. Mr. President, I regret that I must disagree with the distinguished Senator from South Carolina. I cannot accept the amendment. The amendment was not submitted to the committee. It has had no consideration by the committee, or any other consideration that I know of. I first heard of it only yesterday, when the amendment was printed.

I can either state my reasons now, or after the Senator calls for a quorum; but I cannot accept the amendment.

Mr. JOHNSTON of South Carolina. I am about to yield the floor, but I do wish to ask for the yeas and nays. I was hopeful that the Senator would at least take the amendment to conference.

Mr. FULBRIGHT. Mr. President, this amendment is not acceptable for various reasons. The best reason of all is that I think it is self-defeating, if its purpose is to obtain compensation for our citizens in various countries. I do not believe it would effect that purpose at all.

The executive branch made a comment upon this amendment. It said:

It is unlikely that countries can be deterred in any fashion from taking action of this kind by the threat of withdrawal of U.S. assistance.

I think that is quite true. Instead of being deterred, certain countries would only be irritated. I believe the country the Senator has in mind chiefly is Cuba. He has spoken to me privately about the situation.

The effect of such an amendment, instead of deterring such action, would be to strengthen the position of Mr. Castro as the leader of the country. The Senator from South Carolina knows, as a fact of political life, that when outsiders go into a foreign country, or even into another State in this country, and attack local leaders for local policies, it only strengthens the local leaders in the affection of their local constituents.

I should say a statement like this, rather than achieving the Senator's purpose, in the case of Cuba, would only make Mr. Castro a greater hero than he now is in the eyes of the people of Cuba.

Mr. JOHNSTON of South Carolina. My amendment does not relate to any specific country. It only sets forth the fundamental principle that if a country confiscates property belonging to the United States or to citizens of the United States, then that country cannot receive any aid. I think any other country would certainly treat us in the same way.

Mr. FULBRIGHT. I do not think this amendment is the proper way to go about it. There are already, of course, well-established diplomatic procedures and laws to negotiate for proper compensation wherever there has been confiscation by a foreign government. Such procedures range from informal consultation by representatives of the U.S. Government down to the supporting of formal claims.

If the purpose of the amendment is simply to punish nations which take expropriation action deemed wrongful by the United States, this also, I think, is contrary to the interests of the United States.

United States assistance is not a device for effecting rewards and punishments. Instead, it is designed to strengthen the economic welfare and the security of the free world as a means of protecting and strengthening the United States. It would be contrary to the purpose of the mutual security program and injurious to the United States to compel the President to withhold assistance to another country when such assistance

is of demonstrable benefit to the United States. It should be borne in mind that the President is already required by section 503 to terminate assistance if he determines that such assistance is no longer consistent with the national interest or security of the foreign policy of the United States.

Fundamentally, I think one basic assumption which I believe is implicit in the Senator's reasons or in his mind for offering the amendment is that the foreign aid program is exclusively for the benefit of the recipient countries. That is not the case. I certainly would not support the program at all if I thought the only effect of it was to improve conditions in any foreign country. The principal reason for our foreign aid program is that it is in the interests of this country. To couple it with a threat of punishment if a foreign government should expropriate property is, I believe, a completely ineffectual way to approach the matter. It is based upon a wrong assumption. I hope the Senate will not adopt the amendment.

I call attention again to section 503, which cites the present authority:

If the President determines that the furnishing of assistance to any nation under any provision of this Act—

(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act.

I think the President has the discretionary authority to take such action. To put such authority in rigid form, so that any expropriation must bring to an end the assistance under the bill, is, in my opinion, a very improvident and unwise requirement. I think we should trust the President in these cases. If a case which is flagrant arises, I am certain that the President, being a patriotic American citizen, will exercise the authority already contained in the act to terminate whatever aid may, in that given case, be in the program.

Mr. JOHNSTON of South Carolina. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DODD in the chair). Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, the Senator from South Carolina [Mr. JOHNSTON] wishes to have the yeas and nays ordered on the question of agreeing to his amendment to the committee amendment. On this question, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina [Mr. JOHNSTON] to the committee amendment. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Delaware [Mr. FREAR], the Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from Montana [Mr. MURRAY] are absent on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

On this vote the Senator from Delaware [Mr. FREAR] is paired with the Senator from Minnesota [Mr. MCCARTHY]. I present and voting, the Senator from Delaware would vote "yea," and the Senator from Minnesota would vote "nay."

I further announce that, if present and voting, the Senator from Rhode Island [Mr. GREEN] and the Senator from Montana [Mr. MURRAY] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] is absent on official business of the Joint Committee on Atomic Energy.

The Senator from Connecticut [Mr. BUSH], the Senators from Kansas [Mr. CARLSON and Mr. SCHOEPEL], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Maryland [Mr. BEALL] is absent on official business.

The Senator from New Hampshire [Mr. BRIDGES] is detained on official business. If present and voting, the Senator from Maryland [Mr. BEALL], the Senator from Utah [Mr. BENNETT], and the Senator from Kansas [Mr. CARLSON] would each vote "nay."

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from Connecticut [Mr. BUSH]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from Connecticut would vote "nay."

The result was announced—yeas 39, nays 44, as follows:

YEAS—39

Bartlett	Ervin	Martin
Bible	Gruening	Morse
Byrd, Va.	Hartke	Mundt
Byrd, W. Va.	Hill	Neuberger
Cannon	Hruska	Pastore
Capehart	Humphrey	Robertson
Cooper	Jackson	Russell
Cotton	Johnston, S.C.	Symington
Curtis	Jordan	Talmadge
Dodd	Kerr	Thurmond
Dworshak	Langer	Williams, Del.
Eastland	Long	Yarborough
Ellender	McClellan	Young, N. Dak.

NAYS—44

Aiken	Fulbright	Kennedy
Allott	Gore	Kuchel
Butler	Hart	Lausche
Carroll	Hayden	McGee
Case, N.J.	Hennings	McNamara
Case, S. Dak.	Hickenlooper	Magnuson
Church	Holland	Mansfield
Clark	Javits	Monroney
Dirksen	Johnson, Tex.	Morton
Douglas	Keating	Moss
Engle	Kefauver	Muskie

Prouty
Proxmire
Roxburgh
Scott

Smathers
Smith
Sparkman
Stennis

Wiley
Williams, N.J.
Young, Ohio

NOT VOTING—15

Anderson
Beall
Bennett
Bridges
Bush

Carlson
Chavez
Frear
Goldwater
Green

McCarthy
Murray
O'Mahoney
Saltonstall
Schoeppel

So the amendment of Mr. JOHNSTON of South Carolina to the committee amendment was rejected.

Mr. ROBERTSON obtained the floor.

Mr. FULBRIGHT. Mr. President—

Mr. ROBERTSON. Mr. President, I yield for the purpose of having a motion made to reconsider the vote by which the Johnston amendment was rejected, and a motion to table, without losing the floor.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the Johnston amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERTSON. Mr. President, I call up my amendments identified as 7-1-59—G, which I offer on behalf of myself and other Senators.

The PRESIDING OFFICER. The amendments to the committee amendment offered by the Senator from Virginia, for himself and other Senators, will be stated.

The LEGISLATIVE CLERK. It is proposed to insert on page 26, between lines 21 and 22, the following:

(g) Amend section 534, which relates to reports to the Congress, by inserting "(a)" immediately after "REPORTS.—" and by adding at the end thereof the following:

"(b) All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration upon request of the General Accounting Office or such committee or subcommittee as the case may be."

Redesignate subsections (g) to (j), inclusive, as (h) to (k), respectively.

Mr. ROBERTSON. Mr. President, the purpose of the amendment which I am offering is to require that all documents, reports and other material relating to the operation, or activities, of the International Cooperation Administration which may be requested by the General Accounting Office, or by any committee of Congress, shall be furnished to them. It is to prevent the abuse of Executive privilege which has been used in the past in a way which has made it difficult for Congress to act intelligently in passing on authorizations and appropriations for our foreign aid program.

My amendment is similar to one which was offered in the House by Representative HARDY, of Virginia, and which was incorporated in the House bill without objection being raised to it. The amend-

ment was based on the experience which Representative HARDY's Subcommittee on Government Operations had had in attempting to obtain information on the International Cooperation Administration's programs but during the House debate it was stated that the Committee on Foreign Affairs recognized the need for this type of amendment and had no objection to its being adopted.

I am aware of the fact that the Senate committee has included in S. 1451 a new section 550 which is designed to make more information about the mutual security program available to the public. The Senate amendment would require the President to make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States. The Senate committee report expressed strong dissatisfaction with prevailing policies of the Executive Branch regarding classification of information about the program on security grounds. It criticized classification of information which apparently was for administrative convenience, or to avoid embarrassment, rather than for genuine security reasons and said that it hoped that this amendment would result in a new policy which would recognize the need to make public all information about the program which did not have to be restricted for real security reasons.

That provision in the Senate bill is all right as far as it goes but it still does not cure the situation with which the House amendment was intended to deal. When the President is given authority to withhold information for security reasons, and I might say I fully recognize the need for such authority, so far as public information is concerned, we know that in actual practice the classification for security reasons will be largely dictated by those who are handling the mutual security program. They will make recommendations which will be accepted by the President who, of course, cannot inform himself as to every detail of the program. That means that it still would be possible for the officials in charge of the mutual security program to classify and keep secret not only information which needs to be kept secret for security reasons, but also, as has been done in the past, information which might be embarrassing to them or which might result in some inconvenience, if it were disclosed.

I agree with our Senate committee that it would be difficult to go farther than the committee has gone in its new section 550 so far as the policy on public information is concerned but I believe that we need to establish a different policy which will apply only to the furnishing of information to the General Accounting Office and to the committees of Congress which have the ultimate responsibility for setting up and for supporting our program of foreign aid. I believe that it is proper and in order for us to provide, as would be done under my amendment, that all information requested by the General Accounting Office and by committees of Congress shall be furnished to them regardless

of its security classification, so far as release to the public is concerned. It then will be the responsibility of the General Accounting Office and of the congressional committees to preserve secrecy where that is required by the classification of information, but it still would be available for their use in carrying out their duties in connection with this program. There is nothing startling or unusual about this policy because the Appropriations Committee regularly receives and considers classified information on our defense programs and the Joint Committee on Atomic Energy receives highly secret information about our nuclear programs.

Congress has responsibility to exercise its judgment just as the executive department does in connection with the mutual assistance program and that judgment cannot be exercised properly except on the basis of complete factual information. The past attitude of the International Cooperation Administration and the need for the type of amendment I am proposing was indicated last May when the acting director testified before the Senate Subcommittee on Constitutional Rights on the question of the right of the General Accounting Office to see certain ICA documents and in his testimony he said:

I am saying, in effect, that if ICA wanted to apply the Executive privilege, GAO would not see one thing because practically every document in our agency has an opinion or a piece of advice.

This attitude also is illustrated by the statement of a former Director of the ICA who told the Congress, as reported in House Report No. 2578, 85th Congress, 2d session, page 127:

In the case of reports which have been classified "for official use only" I am reserving the right to determine in individual cases whether, and on what grounds, reports so classified will be made available to Congressional committees.

On June 18, 1957, the ICA Director issued a formal policy directive to his staff to deny the GAO access to the agency's evaluation reports. Under that policy, GAO was refused information covering operations for Formosa. In April 1958 the ICA again denied a formal request to give the GAO information about aid to Laos. The ICA then put the stamp of secrecy on its reports of aid to Pakistan and on evaluation reports on aid to India, Bolivia, Brazil, and Guatemala.

These evaluation reports which the ICA has denied to the GAO, which is the official agency established to help the Congress carry out its duty of overseeing the efficiency and economy of Government, are part of the system of evaluation reports which the Congress directed all executive agencies to set up by the Budget and Accounting Procedures Act of 1950. A section of that same law directed the GAO to audit each agency's internal controls and related administrative practices but, of course, the GAO cannot do that job if an executive agency can refuse to disclose how it is spending the money Congress appropriates.

At the present time the Mutual Security Agency has under its control more

than \$8 billion which it can spend out of past appropriations and it is asking for around \$4 billion additional out of 1960 funds. I think that it is highly important for the Congress to exercise some kind of oversight over the use of those funds and that can only be done if the GAO, which is our agency, and if congressional committees, which have responsibility in this field, can obtain all the information they need concerning the handling of the program.

Mr. President, I believe if Members are willing to remain in the Chamber about 15 minutes longer we can dispose of the amendment. I do not think it will require a quorum call or a yea and nay vote.

Mr. JOHNSON of Texas. Mr. President, will the Senator agree that we have a vote at the end of 15 minutes, the time to be equally divided between the Senator and the chairman of the committee?

Mr. ROBERTSON. This is a joint undertaking. The amendment was first offered by the distinguished Senator from Minnesota [Mr. HUMPHREY], and an identical amendment was offered by the Senator from Oregon [Mr. MORSE]. The Senator from Virginia with his colleagues, the senior Senator from Virginia [Mr. BYRD], the Senator from North Carolina [Mr. ERVIN] and the Senator from Georgia [Mr. TALMADGE] offered the amendment. A similar amendment was agreed to in the House without a vote against it, based on the fact that we as Members of Congress have a right to know how our money is being spent abroad. When we want a report, it is all right to have it marked "classified" or marked "secret," but we want the information to be supplied to us. We do not wish to make the information public, but we should like to know what is going on and what has been done with the money we have provided.

Mr. HUMPHREY. Mr. President, I will say to the Senator that I will require only a few minutes.

Mr. ROBERTSON. I want the Senator from Minnesota to have as much time as he desires.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there be 10 minutes on the amendment, the time to be equally divided between the proponents and the opponents of the amendment.

Mr. ROBERTSON. We are all together on this.

Mr. JOHNSON of Texas. I understand.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. ROBERTSON. Mr. President, I yield first to my colleague, the Senator from Minnesota, such time as he requires, from the limited time I have.

Mr. HUMPHREY. Mr. President, the amendment which I and other Senators offer serves notice that Congress will no longer tolerate the refusal of the International Cooperation Administration to give Congress full information on the way it is spending Congress' money.

It is a companion to an amendment offered by Representative PORTER HARDY,

adopted by the House on June 18, 1959, subsequent to the report on this bill by the Senate Committee on Foreign Relations.

The amendment makes the will of Congress very clear by specifically requiring that "all documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office" and the proper congressional committees.

Mr. President, it has been difficult to obtain complete information on the administration of the mutual security program. We are facing a paper curtain drawn between Congress and the Congress' business.

This year the International Cooperation Administration, which administers foreign aid, claimed a right to refuse information on foreign aid expenditures to the General Accounting Office, Congress' watchdog against bureaucratic waste and inefficiency. On May 5, Mr. Leonard J. Saccio, who was then Acting Director of ICA, told a Senate subcommittee, in part:

If ICA wanted to apply the Executive privilege, GAO would not see one thing.

In April 1959 Mr. James H. Smith, Jr., then Director of the ICA, wrote the House Government Information Subcommittee:

In the case of the reports which have been classified "For official use only," I am reserving the right to determine in individual cases whether and on what grounds reports so classified will be made available to congressional committees.

The effect of these policies has been to hinder congressional review of foreign aid operations in Bolivia, Brazil, Guatemala, India, Laos, Pakistan, and Taiwan. In the case of Laos, ICA invoked so-called executive privilege as a basis for hiding mismanagement, profiteering, and corruption in foreign aid spending. As the House Government Operations Committee concluded, "Known deficiencies were, for a time, concealed from the Congress."

This is an intolerable situation. I am not arguing about mismanagement of the funds. I am suggesting only that access to documents pertinent to them is a congressional right. If Congress is to authorize funds for ICA, it must know how ICA is spending them.

The claim of executive privilege twists the Constitution to make it say that Congress has no right to information unless the Executive wishes to give it. We cannot allow that claim to stand unchallenged. Through controlling information, bureaucrats can control Congress.

This amendment is a solution to the problem. It specifically requires, in a clear statutory mandate, that ICA give Congress full information on the way it is spending Congress' money. And in doing so, it gives other agencies warning that Congress will not tolerate claims that they may determine what information Congress shall and shall not have.

Mr. President, the Mutual Security Act confers broad powers upon the International Cooperation Administration to supervise spending. Much of the constitutional power of Congress to pass on expenditures is delegated to that agency. That is right and proper, for Congress deems prompt and unhindered Executive action in foreign aid desirable and necessary.

But if we are to delegate our constitutional power to pass on expenditures, we have a right to review the way ICA has managed it, and we have a right to full information on its execution. We have given ICA an executive privilege to make contracts in 66 countries. We have not given it the privilege to withhold information on those contracts after they have been made. We shall not let information on policy decisions be controlled by the elite whose professional future depends on escaping criticism for them.

Mr. President, this amendment passed the House without dissenting vote. I hope it may pass the Senate the same way. As Patrick Henry said:

To cover with the veil of secrecy the common routine of business is an abomination in the eyes of every intelligent man.

We must have the right to know. Without it, Congress cannot carry out its constitutional duties, and representative democracy ceases to function.

Mr. President, the charge has been made that this amendment would expose ICA's personnel files, which should be kept confidential.

In answer to the charge I wish to state: I agree that we should distinguish between public business, which Congress should watch, and private affairs, which should be kept confidential. Though they are collected for governmental purposes, ICA's personnel files are essentially personal affairs of private citizens. Secret government is not the only sign of creeping totalitarianism; the subjection of personal lives to the government is also the sign of superstate.

This amendment very carefully preserves that distinction between public and private.

First let me point out, however, that personnel records are available to Congress, through the General Accounting Office, under the already existing law. Section 313 of the Budget Accounting Act of 1921, which establishes GAO as a governmental agency, says:

All departments and establishments shall furnish to the Comptroller General such information regarding the powers, duties, activities, organizations, financial transactions, and methods of business of their respective offices as he may from time to time require of them; and the Comptroller General or any of his assistants or employees when duly authorized by him shall for the purpose of securing such information have access to and the right to examine any books, documents, papers, or records of any such department or establishment.

Any documents, including personnel files, are already available.

The personnel files of a corporation are available to its board of directors, if the board of directors wants to look at them. Similarly, the personnel files of ICA are available to Congress, the gov-

ernmental "board of directors" if Congress wants to look at them.

The important point is that the situation rarely arises. Congress is no more interested in overseeing routine personnel operations than is the board of directors of a large company. Since 1921, GAO has examined personnel files only very rarely. The only time Congress wants to examine them is when there are exceptional cases of fraud or incompetence—proper for the legislature to examine.

This amendment, like the 1921 law, does not expose essentially personnel records. Rather, it reasserts the will of Congress to have access to ICA's public records, such as those ICA has withheld evaluating foreign aid in Laos and Formosa.

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the chairman of the committee.

Mr. FULBRIGHT. Mr. President, I do not think the amendment will accomplish what Senators think it will. This problem is already before us. It has been before us ever since we have had a Government. It involves the question of executive privilege. There is no way we can make the President give us his confidential internal evaluation reports.

My information is that about the only thing not now furnished the committee is what are called the confidential evaluation reports, involving primarily a record of the work of the department's own personnel. I certainly have no objection to the amendment. I am in favor of getting all the information we can get.

Mr. ROBERTSON. Then we are all agreed.

Mr. FULBRIGHT. The committees get all the information except certain reports, and I do not think this action will make the executive give us those.

Mr. ROBERTSON. Mr. President, I endorse what the chairman of the committee says. He does not have any objection. I do not have any objection. Nobody in the House had any objection. Nobody in the Senate has any objection. So I am ready to vote.

Mr. LAUSCHE. Mr. President, I am a member of the Committee on Foreign Relations. I want to confirm the words spoken by the chairman of the committee. On no subject have I found that there has been a refusal, under proper safeguards, to reveal information dealing with the operation of the agency. I confirm the chairman's statement that there has been a refusal to disclose discussions between the President and employees in high echelon positions, and I subscribe to it. The President is entitled to have some privacy and confidence in consultations he has with his high echelon officials.

Mr. ROBERTSON. Mr. President, we have had numerous instances of information being denied.

Mr. MORSE. Mr. President, my amendment 6-30-50-F would add to the committee's bill the language adopted by the House of Representatives respecting the right of the General Accounting Office to all information—I repeat, all information—regarding the operation and the functioning of the International

Cooperation Administration. I am happy to join with the Senator from Minnesota [Mr. HUMPHREY] and the Senator from Virginia [Mr. ROBERTSON] in offering the amendment.

We know, of course, that the General Accounting Office is an arm of the Congress; we know that under existing law all executive agencies are supposed to furnish this material upon request of the GAO. But the ICA has invoked some undefined form of executive privilege which it claims automatically exempts it from the existing law. Apparently the ICA believes that because its activities are in the field of foreign policy, it is above and beyond the laws of Congress in this matter.

It may be said that repeating what is essentially already on the statute books cannot have any additional effect. But I think it cannot do any harm to remind the ICA that it is skating on thin ice when it denies information to the Congress by denying it to the GAO and to congressional committees.

It is we in Congress who are answerable to the American people for the operation and success of the foreign aid program, not the people who work in the executive agency called the ICA. If we are to discharge our responsibility efficiently, we must know everything pertinent about the operation of ICA.

It is my understanding that the ICA has withheld specifically the evaluation reports of its own financial officials on operations in the Far East. According to newspaper reports, ICA is fearful that its own evaluations would be less frank if they were seen by the General Accounting Office and Members of Congress.

I find that reasoning a little hard to follow. Certainly the administration does not mean to imply that if it thought corrective action might be taken, its officials would cover up the inadequacies and inefficiencies of the program.

By adding to the bill the language we are offering I believe we would strengthen the confidence of the American people in foreign aid. The supporters of the foreign aid program have too often taken the position, in my opinion, that the way to avoid attacks upon foreign aid is to keep the whole program entirely in the hands of sympathetic administrators, come what may, and to admit no errors, mistakes, or inadequacies.

They are wrong in that view, in my opinion. Where the American people can know what is going on, where they are confident that every possible means of eliminating waste and inefficiency is being brought to bear, and that the financial watchdog of the Congress is keeping careful track of the expenditures, I think they will have more confidence in the foreign aid program.

So I suggest to ICA that the way to gain support, both in Congress and with the American people, is to make available to the General Accounting Office and the committees of Congress whatever information is sought. With this amendment, I think the Senate would encourage the International Cooperation Administration to do that.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.

Mr. ROBERTSON. Mr. President, I yield back any time remaining to me.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendments offered by the Senator from Virginia [Mr. ROBERTSON] for himself and other Senators.

The amendments were agreed to.

Mr. HUMPHREY. Mr. President, I move to reconsider the vote by which the amendments of the Senator from Virginia and other Senators were agreed to.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ELLENDER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 16, beginning with line 7, it is proposed to strike out all through line 18 on page 17, and to insert the following:

DEVELOPMENT LOAN FUND

SEC. 202. Title II of chapter II of the Mutual Security Act of 1954, as amended, relating to the Development Loan Fund, is further amended to read as follows:

"(a) Amend section 203, which relates to capitalization, as follows:

"SEC. 203. CAPITALIZATION.—(a) There is hereby authorized to be appropriated to the President, without fiscal year limitations, for advances to the Fund, after June 30, 1959, not to exceed \$700,000,000.00."

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on this amendment.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order. Senators who desire to engage in conversation will retire to the cloak rooms.

Mr. JOHNSON of Texas. Mr. President, this is a very important amendment. I am informed by the Senator from Louisiana he is going to make a presentation which will be reasonably brief. I hope Members of the Senate will stay in the Chamber and hear the presentation. I think we will expedite action on the amendment if they will do so.

I ask that the Senate be kept in order.

Mr. ELLENDER. Mr. President, before proceeding with a discussion of the pending amendment I should like to make a short statement pertaining to the bill as a whole. I have a series of amendments which I intend to propose. I shall try to be as brief as I can.

Mr. President, I wish to be perfectly frank with the Senate in saying that when I came into the Chamber at 12:30 today I learned that the section which I seek to have amended had already been amended by a voice vote of the Senate, with only a few Senator present. No Senator asked for a yea-and-nay vote.

As a matter of fact, when I came into the Chamber this morning I was handed a copy of a unanimous-consent agreement, and I did not know until 12:30 that the Senate had acted upon the so-called Dirksen amendment, which was pending last evening.

Be that as it may, I should like to

preface my explanation of the pending amendment with a few introductory remarks on the entire bill.

Once again the Senate comes to grips with what has become in the minds of some of our planners the chief weapon of our country's foreign policy—presently masquerading as mutual assistance.

There are many Senators who are most familiar with the origin of this program, since they were serving when it was inaugurated.

In 1945 the world was just emerging from a cruel war, a war which had left vast areas of what had been prosperous nations in rubble and ruin.

It was proposed that the United States extend aid to these people, first, on the humanitarian ground that it was our Christian duty to assist them, and second, on the grounds that if we could help them to help themselves, then together we could join forces in preserving freedom throughout the world.

I have no apologies to make for my vote in favor of the original Marshall plan—a program which, we were told, would cost a maximum of \$15 billion over 5 years.

Yet, today—almost 15 years later—we find that this foreign aid monster which we took to our breasts has been provided with some \$79 billion, and the end to spending is apparently not in sight.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point exhibit A, which shows the total foreign aid provided from July 1, 1945, through December 31, 1958, in billions of dollars.

There being no objection, the exhibit was ordered to be printed in the RECORD, as follows:

EXHIBIT A

Total foreign aid provided from July 1, 1945, through Dec. 31, 1958

[In billions of dollars]

Expended funds.....	66.9
Unexpended balances.....	6.7
Public Law 480.....	2.0
International financial institutions.....	3.4
Total.....	79.0

Mr. ELLENDER. Mr. President, the current situation in respect to our foreign aid program reminds me only too well of the fable of the Arab and the camel. On a cold, windy night the Arab took pity on the poor, shivering camel and invited him to stick his head into his tent.

But, before the night was out, the camel had completely taken over the tent and the Arab was left to shiver in the cold.

That, Mr. President, is what I am afraid will happen if those who, through some sense of misguided aims, advance our current foreign aid program, have their way.

I warn Senators that the United States is on the verge of being pushed completely out of the strong, financially sound home that has been provided for us by the hard work of generations of Americans.

I note, to my regret, that the Foreign Relations Committee, in reporting this bill, says, that foreign aid is and I quote, "an indispensable tool of American foreign policy."

I say that our current foreign aid program has degenerated into an indefensible waste of this Nation's wealth—and what is more, it comes at a time when our own fiscal stability is none too secure.

Do Senators realize that every dollar we spend for foreign aid is a borrowed dollar? What is even more appalling, to my mind, is the fact that the President has requested permission to raise the interest rates on Government securities because we are running out of potential investors. If this happens where will we find the dollars to borrow to spend on a wasteful foreign aid program?

Only a few days ago the Congress passed a measure to increase the permanent debt limit to \$288 billion and to provide for a temporary debt increase to \$295 billion for the coming fiscal year.

Thus we are being asked to contribute to the well-being of many nations able to take care of themselves, at the cost of our own financial well-being.

I urge Senators once again to consider, and consider deeply, the pending measure.

Instead of pouring an unending stream of dollars into nations all over the world it is time for us to be very cold-blooded about it and attempt to set our own financial house in order.

Are Senators aware that last year, for the first time since the War Between the States that the United States had a deficit balance of payments?

Are Senators also aware that during the first 3 months of this year our deficit balance of payments amounted to \$860 million and that a seasonally adjusted estimate of our deficit this year will amount to approximately 3.7 billion?

I ask unanimous consent to have printed in the RECORD, at this point exhibit B, showing the figures to which I have just referred.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXHIBIT B

Selected components of U.S. balance of payments

[In billions of dollars]

Component	1954-55 average	1957	1958 ¹
Goods and services:			
Exports ²	19.0	26.5	23.1
Imports ³	17.6	21.4	21.4
Balance.....	1.4	5.1	1.7
Net outflow of U.S. capital and Government grants:			
Private capital.....	1.4	3.2	2.9
Government loans ⁴.....	.1	1.0	1.0
Government grants ⁵	1.8	1.6	1.6
Foreign capital and unrecorded inflows ⁶.....	.6	1.2	.4
Net transfer of gold and dollars to foreigners ⁷	1.4	— .6	3.3

¹ Preliminary.

² Excludes military transfers under grants.

³ Includes military expenditures abroad, pensions, and net remittances.

⁴ Includes other short-term claims.

⁵ Excludes military grants.

⁶ Include direct and other long-term portfolio investments (other than U.S. Government securities), and unrecorded receipts appearing in balance of payments as "errors and omissions."

⁷ As shown in table on p. 248.

NOTE.—Data for net transfer of gold and dollars are from Federal Reserve; other series, from U.S. Department of Commerce. Details may not add to totals because of rounding.

Mr. ELLENDER. Are Senators aware that our gold reserves last year dropped by \$2,294 million, and that for the first quarter of this year, our gold reserves have decreased by another \$92 million?

Those prophets with rose-colored glasses at the State Department have told us that foreign aid is an absolute necessity in that we must bolster the economies of every so-called ally, so that they can join us in the cold war against communism.

If I might paraphrase a biblical quotation, what does it profit us to support the whole world if in the process we ruin ourselves?

In other words, Mr. President, our great buckler against communism is the inherent strength and wealth of the United States.

In years past, our wealth was sufficient that we did not fear face to face peaceful combat with the Communist system in the market places of the world. Yet, I am afraid that if we continue our present system of wasteful foreign aid spending, this will no longer be true.

It is amazing to me to see some of our State Department bureaucrats willfully and knowingly disperse and disburse this wealth into ratholes all over the world.

In my judgment, this is inexcusable.

The only comparison I can draw of such an action is to picture the Joint Chiefs of Staff breaking up our Strategic Air Command and giving away its planes to nations all over the world, and passing out our Polaris submarines like surplus wheat.

In my mind, there is no difference. We would be throwing away our principal weapons which we should keep in readiness for the battle with communism.

This deteriorating situation of our once-sound fiscal policy deeply alarms me, Mr. President.

The very fact that for the first time in almost 100 years—100 years in which the United States has climbed to the forefront of the world's nations—the United States has had a deficit balance of payments should make us stop and carefully consider what the future may hold.

That is why I ask Senators to think deeply before they vote to spend more money on a foreign aid program which time has shown to be not only wasteful, but which has redounded to the detriment of our own country.

Our position is not yet hopeless. We can reclaim our financial stability if we only determine to do so.

Although we now have a deficit balance of payments, the United States still exports more than it imports. In 1958, we exported \$23.1 billion excluding military transfers under grants. Our imports, on the other hand, totaled \$21.4 billion. The difference comes in the little extras that our "one world" bureaucrats at the State Department have foisted upon the American taxpaying public. Our favorable balance of trade was \$1.7 billion. However, when we consider the outflow of private capital investments totaling \$2.9 billion, Government loans \$1 billion, Government grants

\$1.6 billion, our deficit balance of payments becomes \$3.7 billion.

As I see it, Mr. President, there are four courses open for us if we are to correct this very serious situation.

We could stop American investment abroad, which last year amounted to \$2.9 billion.

We could put a halt to American tourist spending, which in 1958 rose to \$2.14 billion.

We could return to the United States our troops now stationed overseas, and thus save the \$3.4 billion their upkeep costs us every year.

Or, we could reduce Government grants under foreign aid.

It is obvious to all of us that neither of the first two alternatives could be carried out. After all, we enjoy a free economy, where no bureaucrats tell a person how to invest his money, just as no one can tell a person where and how to spend his tourist dollars.

Likewise, the third alternative is impossible, since we must maintain these troops, although I do believe that some savings could be made in this general field.

Therefore, it is to the fourth alternative that we must turn if we are to insure the financial stability of our country.

Of course, Mr. President, I did not mention this before, but there is a fifth alternative.

We could continue our present course and hand Mr. Khrushchev and his henchmen the victory they seek on a silver platter.

In my judgment, the greatest danger to this country is not the latest missiles of the Russians, nor their vaunted submarine fleet. I fear that, prodded on by some misguided bureaucrats, we are being stampeded into spending ourselves into bankruptcy. This, in effect, would give the Soviets complete control of the world, almost by default.

That is why I say today that we must begin an end to this foreign aid monster which threatens to suck the very marrow from our bones. We must regain our financial security.

The measure before the Senate today consists basically of seven parts—military assistance, defense support, technical aid, Development Loan Fund, special assistance, the contingency fund, and "other programs." This latter item includes principally administrative expenses for the ICA and contributions to various United Nations programs.

Mr. President, I wish now to direct my remarks specifically to the pending amendment. I intend to cover this item in some detail, and I urge that Senators listen carefully. The facts which I propose to outline are most important.

Through the end of this fiscal year 1959, Congress has provided \$850 million for the Development Loan Fund.

For fiscal year 1960, the President requested \$700 million additional, which would raise the total financing of the Development Loan Fund to \$1,550 million.

These funds, Mr. President, have been and were proposed to be derived by congressional appropriations.

The Foreign Relations Committee turned thumbs down on this suggestion, and, in addition to opening wider the front door of the Treasury to ambitious bureaucrats, would have given them the key to the back door, as well.

Under the committee's bill, the Development Loan Fund's financing would not have been derived from direct appropriations. These funds have been derived from congressional appropriations.

The Committee on Foreign Relations in its report turned thumbs down on this suggestion; and, in addition to opening wider the front door of the Treasury to ambitious bureaucrats, attempted to give them the key to the back door, as well.

Under the committee's bill, the Development Loan Fund's financing would not be derived from direct appropriations. Instead, the Development Loan Fund would have been authorized to borrow from the Treasury up to \$1 billion a year over a 5-year period. This would have been accomplished without a further congressional review of the program. Furthermore, it is my understanding that the Fund would not have had to pay one dime of interest to the Treasury for the money which it borrowed.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LAUSCHE. As a member of the Committee on Foreign Relations, I fought vigorously against the provision which would have allowed back-door financing. It was my belief that that was a device which we were adopting entirely too often. I see grave dangers which might flow from it. I did not subscribe to the plan; therefore, I opposed it last evening.

Mr. ELLENDER. Furthermore, any borrowing authority which was not completely used in any one year could have been carried over to the succeeding year. This meant that if during 1960, for example, the Fund were able to obligate only \$700 million of its \$1 billion borrowing authority, the borrowing authority for 1961 would have been automatically increased to \$1.3 billion. This approach would have given the Development Loan Fund a blank check drawn on the Treasury of the United States, and would have authorized the Fund to cash the check whenever it desired to do so, without any further action by Congress.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. AIKEN. Does the Senator's amendment intend to include the proviso which guarantees private investment abroad?

Mr. ELLENDER. My amendment does not change the bill in that respect.

Mr. AIKEN. So in the event of loss, the insurance would have to be made up, first, by premiums on hand, which amount to very little, and with whatever currency might be on hand.

Mr. ELLENDER. That provision is not at all touched by this amendment.

Mr. AIKEN. But the same method of back-door financing applies to the guarantee of private investment abroad. Would the Senator agree later to a pro-

viso to require that those obligations for losses be met by direct appropriation, too?

Mr. ELLENDER. I believe in that method.

Mr. AIKEN. The fact remains that we have \$500 million of insured private investment abroad now, and are proposing another \$500 million. What I am getting at is this: The Senator would not want to permit back-door financing for the purpose of carrying that insurance and to oppose back-door financing for other purposes, would he?

Mr. ELLENDER. No.

Mr. AIKEN. I realize that the Senator's amendment does not apply to that; but in the event this amendment carries, an amendment which would apply to back-door financing for the guarantee of private investment would be in order, would it not?

Mr. ELLENDER. As I said a moment ago, the amendment I propose is in exact accord with what the President of the United States has requested, namely, an appropriation authorization of \$700 million for fiscal 1960 for the Development Loan Fund.

Mr. AIKEN. The President has not opposed back-door financing for the purpose of guaranteeing private investments overseas, so far as I know.

Mr. ELLENDER. Mr. President, I understand that early this morning, as I previously noted, the Senate adopted an amendment offered by the senior Senator from Texas [Mr. JOHNSON] for himself and the Senator from Illinois [Mr. DIRKSEN] which modified this approach somewhat. The Johnson-Dirksen amendment was adopted by the Senate, I am informed by my assistants, without the benefit of a quorum call prior to its adoption, on a voice vote, and with only a few Senators in the Chamber.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. JOHNSON of Texas. A quorum call was suggested.

Mr. ELLENDER. I have talked this matter over with a dozen Senators. They were as surprised as I to learn that the amendment had been adopted.

Mr. JOHNSON of Texas. That still does not alter the fact that a request was made for a quorum call.

Mr. ELLENDER. I understand. But I was informed when I came to the Senate that about 10:30, after the morning hour, a start would be made to debate the appeal from the decision of the Chair on the point of order raised by the Senator from South Dakota [Mr. CASE]. When I heard the bells ring for a quorum call, I thought that that was to signify the beginning of the debate on the appeal from the decision of the Chair. At that time I was busy with the Chairman of the Committee on Appropriations marking up the reclamation bill.

When I came to the floor of the Senate about 12:30, when I thought we would be voting on the question, it was then that I learned that the amendment had been agreed to. But all that is water under the bridge.

Mr. JOHNSON of Texas. The RECORD will show that there were two quorum calls.

Mr. ELLENDER. I was very busy with the chairman of the Committee on Appropriations, marking up the reclamation bill, as I have said. I was under the impression that a vote, in accordance with the unanimous-consent agreement, would be held about 12:30. So at 12:30 I came to the Chamber. It was then that I learned that the Johnson-Dirksen amendment had been agreed to by a voice vote, with only a handful of Senators present.

Mr. President, I myself resent the Senate bringing an issue so important as this to a vote with no opportunity for all interested Senators to be present. Be that as it may, we are confronted by a fait accompli.

The Johnson-Dirksen amendment abandons the approach adopted by Congress since the Development Loan Fund was first created, namely, the authorization of funds for that program on a year-to-year basis. The Johnson-Dirksen amendment authorizes the sum of \$2 billion to be appropriated for Development Loan Fund capital, with no time limit on such appropriations, except that only \$750 million may be advanced prior to July 1, 1960, and the remainder—that is, \$1,250 million—may be advanced prior to July 1, 1961.

In other words, the Johnson-Dirksen amendment puts the Development Loan Fund authorization on a 2-year basis, increases the amount for fiscal 1960 by \$50 million over the President's request, and for fiscal 1961 calls for augmenting the program by \$1,250 million.

My amendment would keep the Development Loan Fund authorization on a 1-year basis and, further, would bring the 1960 authorization into line with the President's original request; that is, \$700 million.

I intend to suggest the absence of a quorum prior to the vote on my amendment. I feel certain more Senators will be present than was the case when the Johnson-Dirksen amendment was adopted.

I also hope that my amendment will be adopted. It certainly should be, because, while the committee bill was a most far-reaching measure, the Johnson-Dirksen amendment does little to improve the situation.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LONG. Is the Senator of the impression that we really will get back the money we lend from the Development Loan Fund? Does the Senator believe that the money we lend will come back to the United States some day?

Mr. ELLENDER. I was amused last night during the debate in the Senate when I heard Senators say that the money would be borrowed and would later be returned to the Treasury. There will be no such thing as that. The Senate committee report itself states that the loans will be made to the various countries under rules and regulations which may be promulgated by the President. It also reveals that up to this point only about 20 percent of the loans thus far made are repayable in hard money—that is, American dollars—while 80 percent are repayable in soft currency.

When the money is collected, instead of coming back to the Treasury, where all of us think repaid funds should be deposited, it will remain in the foreign country, to be loaned over and over again. It will become a revolving fund, but none of it will ever revolve its way back to the U.S. Treasury.

Mr. LONG. Is the Senator familiar with the fact that foreign countries have money of their own? Once they get our dollars, and they choose to decide that they will not permit the money to be loaned a second time, they can, in effect, sterilize the money, which is the term they use. Sterilizing it is the same as lighting a match to it, because we will never get any use out of it.

In connection with the nomination of Douglas Dillon, we might remember that the United States has \$100 million of counterpart money in Greece. Mr. Dillon says we had better get rid of it and have it canceled off the books; it might create some misunderstanding if we were to lend all that money. His testimony was that we ought to find more and more ways to cancel out those currencies, so that the people of the other countries will not feel indebted to us and ask for more money.

Mr. ELLENDER. If and when those loans are repaid, there will be huge amounts of soft currencies available. I do not know what will become of that money, but I do know that today in many countries large amounts exist. In Korea there is now so much money in counterpart funds that they do not know what to do with it. The funds have been there for years. The same holds true of Greece, Turkey, and many other countries.

Most of the loans which the United States will make will be made, I say to the Senator from Ohio [Mr. LAUSCHEL], to countries to which we have given money until it hurts.

Recently we lent \$780 million under the Development Loan Fund to various countries of the world. The record shows that we gave these same countries by way of grants almost \$20 billion. If anyone would be interested in looking at the application list for loans from the Development Loan Board today, he would find that the major part of those loans is to be made to countries where we already have large amounts of soft currency, countries to which we have given until it hurts.

Why in the name of common sense should we provide more funds for Formosa, when Formosa has been given grants by the millions of dollars? Yet when we examine the DLF application list we find that more millions of dollars are being set aside for Formosa. I have visited Formosa two or three times. That little island is a pearl in the Pacific. It is a beautiful island. It has never before been as prosperous as it is now.

Mr. LONG. Is the Senator from Louisiana familiar with the fact that our experience with this matter tends to work out in this way: First, we send our money there, and wind up with the soft currencies. Then our State Department says it would be inflationary to use all of those fantastic amounts of soft curren-

cies, so the State Department recommends that that money be applied against the foreign debt of that country, so as to get rid of it. That is what Mr. Dillon testified for, and that is what these people seem to be continuing to do.

Mr. ELLENDER. The Senator might be interested to know that not only will the Development Loan Fund consist of the cash that we are now providing, but, in addition, all credits which we have in various foreign countries which cannot be converted into dollars will be put into the Development Loan Fund. I shall develop that point further a little later.

Let me point out now that when the Development Loan Fund was created in 1956, there was a provision that the Loan Fund was to be kept separate from the ICA—the agency which administers the grants. The idea was to separate the two. But in the pending measure there is a provision by means of which the ICA will be put in full charge of this Fund. Today the Export-Import Bank exercises supervisory control of the Fund. But the Senate Foreign Relations Committee has included in its version of the bill, a provision which would delete the section which provides for Export-Import Bank control—with the result that the ICA, the agency which has made a mess of a good many of these foreign aid programs, will be in almost complete charge. I think all Senators should know this.

I think it would be shameful if the control of the DLF, were transferred from Export-Import Bank to ICA. The only reason why this provision is included in the committee amendment is to enable the ICA to continue in operation, whereas the reason why we began the Development Loan Fund, as I understood, was to transfer our emphasis from grants to loans. If that were done, it would mean that the ICA would go out of business. But those in the ICA are fairly smart: Now we find in the committee amendment a provision—I do not know whether the committee even knows about it; perhaps it has been done by the ICA, itself—which calls for eliminating Export-Import Bank control of the Fund.

Mr. President, I wish to raise a number of other points, and I ask for the attention of my colleagues.

I ask at this point that Senators refer to section 401(d) of the bill. That section outlines the uses to which local currency loan repayments accruing to the credit of the United States can be put. That section specifies that loan repayments in dollars are to go to the Treasury. That is fine. But it goes further than that. It says that foreign currency repayments, to the extent that they are needed by other Government agencies, may be sold to these agencies for dollars, and the dollars thus received will be deposited into the Treasury.

This provision is fine, too, as far as it goes. But the fact is, Mr. President, that the bulk of such currencies may not be available to Federal agencies which may need them. Many of our Federal agencies are unable to use the foreign currencies which have accrued to our credit

throughout the world, because the big-hearted State Department has negotiated with the countries in which such funds are located agreements which restrict the uses to which such funds may be put.

For example, in quite a few countries, local currencies which we have acquired cannot be used to defray the costs of Federal agencies operating within those countries. Those currencies, in most instances, cannot be used to hire local employees, or to pay local labor costs, or to construct buildings.

According to my information, in many instances the uses to which these local currencies can be put have been restricted by executive agreements to what are, in effect, foreign-aid programs, such as internal economic development, and so forth.

The facts of diplomatic life, as laid down by our State Department, offer every possibility that very little in the way of local currencies which we own abroad will be purchased by Federal agencies for dollars. The great bulk of these currencies will then remain available for Development Loan Fund loans.

Mr. President, guess what use the committee amendment would make of local currency repayments on all outstanding section 505 loans. The Senate will remember that the Mutual Security Administration has authority to make direct loans, under section 401(d). Under section 401(d) they would be used to further increase the capitalization of the Development Loan Fund instead of being used for the purposes first intended. Thus, under the committee's version of the bill, Development Loan Fund capitalization in the future would not be limited to \$1 billion a year, the amount of the direct borrowing authority, but would actually amount to \$1 billion a year, plus all repayments derived from loans made out of local currencies, and accruing to our credit abroad, which cannot be converted into dollars.

I hold in my hand, Mr. President, a document entitled, "Accumulations and Administration of Local Currencies"—a special report to James H. Smith, Jr., former director of the International Cooperation Administration. Two sections of it are marked "exhibits L and M." I ask unanimous consent that those exhibits be printed at this point in the RECORD.

There being no objection, the exhibits were ordered to be printed in the RECORD, as follows:

EXHIBIT L

b. Mutual security program: Loans repayable in local currencies from mutual security program funds through June 30, 1958, approximate slightly more than \$850 million equivalent.

EXHIBIT M

3. Estimated accumulations from future loans: Dr. Davis, in his analysis¹ of the current status of potential surplus commodity accumulations and their utilization, concludes that over a 5-year period a total of

¹ Davis, John H., "Utilization of U.S. Agricultural Surpluses as a Tool for Peace," memorandum to Deputy Under Secretary Dillon.

\$10 billion equivalent at CCC costs, or about \$7 billion equivalent at export value, could be made available under Public Law 480. Of this total, we estimate that one-half, or \$3.5 billion equivalent, would become available for loans directly to governments under 104(g) and to private businessmen under the Cooley amendment. This would amount to about \$700 million per year. To this must be added the \$400 million authorized but as yet unloaned, bringing the total per year to \$800 million equivalent.

Mr. ELLENDER. This document is dated August 1958; and on page 72 appears most pertinent information. It is stated that loans repayable in local currencies from mutual security program funds through June 30, 1958, approximate slightly more than 850 million in dollar equivalents. And, Mr. President, that amount is going to be transferred to the Development Loan Fund.

I would be willing to wager, Mr. President, that the vast majority of this amount of money will ultimately flow into the Development Loan Fund capitalization under the committee's amendment. Furthermore, I fear that the next step may well be to require that every loan made under Public Law 480 which is repayable in local currencies must be used to further capitalize the Development Loan Fund.

Again, referring to the document I hold in my hand, Dr. John H. Davis, in a memorandum to Under Secretary of State Dillon, has estimated that about \$700 million, a year, in Public Law 480 sales proceeds will go to loans to foreign governments and private businessmen.

To this, Dr. Davis states, must be added the \$400 million which was then authorized, but which is, as yet, not loaned—bringing the total, per year, to \$800 million. Of course I am glad to state that the original plan of the committee was changed. But if that plan had gone into effect, it would have meant the following:

First. One billion dollars, per year, for the next 5 years, in direct loans to the Development Loan Fund from the Treasury.

Second. Repayments on \$850 million in outstanding mutual security program loans which are repayable in local currencies.

Third. Repayments on up to \$800 million per year, in local currency loans under Public Law 480, should they be made available to the fund by act of Congress—and that usually follows.

Furthermore, I remind Senators that the Development Loan Fund charges interest on the loans it makes which, of course, will further increase its capitalization. The least the Senate Foreign Relations Committee should have done when it authorized the Development Loan Fund to borrow money from our Treasury, was to provide for the payment of interest by the Development Loan Fund to the U.S. Treasury. This is what the administration has asked Congress to do on the REA programs and on a few other programs operating here at home.

So far as I am concerned, I urge that if any borrowing authority is accorded to the Development Loan Fund—and I

hope it is not—it be made subject to the same requirements.

Furthermore, I wish to warn Senators that this Development Loan Fund is turning into a grade A Frankenstein monster.

As I have already indicated, capitalization of the Fund under this bill would actually amount to nearly \$2 billion per year, if foreign currency loan repayments proposed to be earmarked for the Fund, are included, and if at some future time, Public Law 480 loan repayments are also so dedicated.

Since the Development Loan Fund merely lends this money, it eventually is going to wind up in repaid loans in one form or another, plus interest.

Thus, if we do what the committee suggests, and, in effect, free the Development Loan Fund of all congressional control, it is going to grow and expand until its creator becomes its servant. It will wind up being a government unto itself, able to draw upon several sources for its assets, without having to come to Congress at all, or ever.

Earlier in these remarks, I presented a survey of the economic status of the countries of Western Europe. I pointed out that these countries are accumulating vast amounts of our dollars and gold.

I caution Senators that to expand the operation of the Development Loan Fund will only tend to aggravate this already dangerous situation.

The proponents of the Development Loan Fund claim that the dollars we appropriate for loans made through the Fund will actually appear in the United States in the form of purchases.

In fact, Mr. President, on page 17 of the Development Loan Fund justification, presented by the ICA, there is the following language:

Solicitation of bidding throughout the free world is permitted under Development Loan Fund loans. Purchases are normally made at the lowest competitive market price for the items procured—quality, time of delivery and other factors considered. Prior to the placement of any orders, the borrower is required to furnish a description of the goods to be purchased and the manner of submitting bids to the purchaser, unless this requirement is specifically waived in writing. This information is then normally disseminated through the Office of Small Business in the ICA for the information of potential suppliers.

Now, Mr. President, this would lead one to believe that, generally speaking, American businessmen, and, particularly, American small businessmen, get first opportunity to provide materials and services paid for with the proceeds Development Loan Fund loans.

I submit that such is more often the exception than it is the rule.

I hold in my hand a clipping from the May 11 issue of the U.S. News & World Report.

Mr. President, I wish Senators would listen to this. I may say that when loans are made under the Export-Import Bank operations the funds find their way back to this country, because the money loaned must be used to buy goods from the United States. But under Development Loan Fund loans, the money can be spent wherever the

borrower desires, except behind the Iron Curtain. That is the only exception. The money can be spent in Japan, in Britain, or anywhere else, to buy with the money whatever they desire to buy.

To go back to the news article, which illustrates what I have just been talking about, I read:

A \$150 million line of credit was extended to India by the U.S. Import-Export Bank 14 months ago. To date, just \$3 million of that credit has been utilized. The money is available and waiting for the Indians.

The stumbling block: these credits can be used only to buy U.S. products.

The Indians find American prices high on many capital equipment items they are interested in. In some cases, the Indians say U.S. prices are double or triple European or Japanese prices for products of similar quality.

I ask Senators to listen to this:

On the other hand, credits totaling \$175 million were made available to India last year by the U.S. Development Loan Fund, and almost the whole amount has been committed. Only a small part is being spent in the United States.

The controlling difference between the two lines of credit is that export-import money must be spent on American products.

The Indians, although in severe financial straits, do not want more of these credits.

Mr. President, the vast increase in dollar and gold holdings of European countries and Japan are traceable to some extent to the fact that the dollars furnished the Development Loan Fund for loans and the dollars spent on grant assistance are being spent in those countries instead of the United States. The case of India, to which I have specifically referred, demonstrates that the foreign nations which make use of the Development Loan Fund do not want to spend the dollars in the United States. They do not want credits which must be spent in the United States.

It strikes me, Mr. President, that we have subsidized our European allies, and Japan, for too long already.

The Development Loan Fund, as it is presently operated, is nothing more than a further subsidy to those countries, despite what the DLF experts tell us.

The vast majority of dollars which we must borrow in order to lend to various countries abroad, wind up in the very countries to which we have already given so generously. These are the countries we have restored to economic health, and which, I again remind Senators, would receive over a billion dollars in U.S. military aid under title I of the pending bill.

I cautioned, when the Development Loan Fund was created, that we must watch it carefully, or it would grow beyond all control. Last year, after the Fund had been in operation for only a short time, I warned Senators again that "the rats had been in the corn crib already" and that we had better take a look at the lock on the door.

Mr. President, that is what prompted many of us to try to make this program a year-to-year program, instead of a 2-year or a 5-year program, as was proposed by the Foreign Relations Committee.

I believe that my predictions have been borne out.

Mr. President, another argument advanced by the advocates of the Development Loan Fund, is that private investment in the underdeveloped countries of the world would be stimulated. But, Mr. President, let us look at what has happened since the Development Loan Fund has had an opportunity to have some effect on the economies of the underdeveloped countries.

I have in my hand the June 1959 issue of the Survey of Current Business. It is pointed out, on page 16 of this report, that during the first quarter of 1959, disbursements from the Development Loan Fund rose to \$30 million—for the first quarter—as against \$6 million during the entire year of 1958.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD exhibit O, referring to the article I have just mentioned.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

EXHIBIT O

Most of the increase over last year was in sales of agricultural commodities for foreign currencies, which amounted to about \$230 million, or about one-fourth of total agricultural exports. Loan disbursements by the Export-Import Bank were down from the preceding quarter, but those of the new Development Loan Fund rose to about \$30 million as against less than \$6 million during all of 1958.

The net outflow of private capital during the first quarter amounted to \$400 million, the smallest amount per quarter since 1955.

Mr. ELLENDER. Mr. President, while the Development Loan Fund has been increasing its disbursements, let us see what has happened to the investment of private capital in foreign countries.

On page 17 of this report, it is pointed out that the net outflow of private capital during the first quarter of 1959 amounted to only \$400 million, the smallest amount per quarter since 1955.

I offered exhibit O to demonstrate this.

Mr. President, our private investments have been declining since the middle of 1958, and the countries suffering the most from this decline are the underdeveloped countries of the world.

On page 17 of the same report, Mr. President, during the first quarter of 1959, investments flowing into the United Kingdom amounted to \$90 million, compared with \$9 million a year ago, an increase of tenfold:

In addition, because of the attractiveness of investments in the EEC countries of Europe, private capital flowing to this area during the first quarter of 1959, amounted to \$85 million, as against a total of \$170 million provided for the full year of 1958.

It would seem then, Mr. President, that the decline of American investments in underdeveloped countries more or less coincided with the acceleration of Development Loan Fund operations; and, further, while U.S. private investment in such countries has dropped considerably, investments in Western Europe have increased tremendously. I, personally, hope that this is merely a coincidence, but, in view of the facts I have already outlined, I doubt that such is the case.

I fear the Development Loan Fund is being used to develop backward areas,

thus permitting private capital to accelerate its European investments.

The pending bill also provides some changes in Development Loan Fund administration—changes which I believe should not be made.

First and foremost, the bill would increase the size of the Development Loan Fund staff. One additional position, carrying a salary of \$18,000 a year, would be added. This is a further indication, Mr. President, that the Development Loan Fund is preparing itself for growth, expansion, and, in fact, to take over the entire foreign aid effort.

Another amendment added by the committee reinforces this conclusion: On page 17 of the committee report we find that section 202-C-2 of the bill strikes out a requirement that the Export-Import Bank must administer loans made from the Fund, which I discussed a while ago. The committee report states that the purpose of this amendment is to place control of the Development Loan Fund in the hands of the International Cooperation Administration.

That is what I suggested to the Senate a while ago—that this change is being made in order to put the entire administration of this huge program in the hands of an agency which has so far made a mess of our foreign-aid program.

Mr. President, we have some sharp bureaucrats in the ICA. They can see the handwriting on the wall. They know that the Congress and the taxpayers of our country are dissatisfied and unhappy about the wholesale donations which have characterized the program in years past. They are painfully aware of the fact that the Congress is dissatisfied with the present program, and that gifts and loans under the old mutual security program are on their way out.

To the ambitious bureaucrats, and to quite a few other people, self-preservation is the first law of nature. The committee amendment, removing the Loan Fund from Export-Import Bank administration and turning it over to the power-hungry bureaucrats of ICA, is a manifestation of this instinct in its purest form. It is also a gross departure from the recommendations made—I ask Senators to listen to this—by both the legislative and the executive branches when the Development Loan Fund was first created.

At this point, Mr. President, I wish to quote from page 32 of the House Committee on Foreign Affairs report on the Mutual Security Act of 1958, House Report No. 1696, 85th Congress, 2d session:

Separating the administration of this program from the International Cooperation Administration—the agency which administers grant economic assistance programs such as defense support and special assistance—will serve to reinforce and emphasize the distinct purposes and methods of the Development Loan Fund program. It will help to clarify these distinct purposes and methods to other countries, to the public, and to private business and financing organizations which are concerned with this program. It will provide a small staff which will concentrate on the administration of this program and will not have to be responsible simultaneously for administering

programs of grant economic assistance through different procedures for different purposes.

The committee has recommended that we abrogate this policy and turn the Development Loan Fund over to ICA, lock, stock and barrel.

I, for one, Mr. President, will refuse to go along with any proposal which would not only keep ICA in business, but which would actually assure the bureaucrats of an opportunity to perpetuate themselves and their theories, no matter what the Congress might do in subsequent years to terminate foreign aid.

Mr. President, I repeat that the amendment which is now before the Senate carries out what the President has requested; that is, an authorization for one year at the rate of \$700 million.

My amendment, as I have stated would further amend the bill so that the administration of the Development Loan Fund would remain under the Export-Import Bank.

Mr. CARROLL. Mr. President, will the Senator yield at that point?

Mr. ELLENDER. I yield.

Mr. CARROLL. In what condition did the bill pass the House? Did the House provide for the ICA to take over the Export-Import Bank?

Mr. ELLENDER. The original idea was to put direction of the DLF into the hands of a board. The composition of that board was described in the Act. Its administration would be under the Export-Import Bank. That is the law now. That is what the Congress stated should be done.

The pending bill would change that. The bill would take administrative jurisdiction away from the Export-Import Bank and put ICA in charge of this function.

Mr. CARROLL. Will the Senator yield again for a question?

Mr. ELLENDER. I yield.

Mr. CARROLL. My question is, what did the House do on this matter?

Mr. ELLENDER. The House did not change existing law. The Senate committee has made the change.

Mr. President, I have made my presentation on the amendment. I hope it will be agreed to. I repeat, it is in the exact words of the House bill and provides the money which the President requested. Fund authorizations are placed on a year-to-year basis, as was originally intended. I submit that the amendment should be agreed to.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield.

Mr. LAUSCHE. Considerable attention was paid by the Senator to the aid we are giving to Korea and Formosa. Based upon the Senator's statements, it would appear that the aid is completely ill-advised and that we have gone too far. I assume the Senator from Louisiana is making that statement after taking into consideration the large number of troops on the island of Formosa, who form a part of the world forces in defense of freedom.

Mr. ELLENDER. Mr. President, money is provided for that purpose under the category of defense support in

the pending bill. The bulk of defense support provided in this bill goes toward sustaining those troops.

I wish to state to the Senator that I was rather shocked a few weeks ago when the question of providing \$200 million for the DLF, in the second supplemental appropriations bill for 1959, was considered by the Senate Appropriations Committee.

When I was in Formosa in 1955 I criticized ICA for suggesting that we assist in building the Shihmen Dam in Formosa. I predicted then that if that dam were ever built we would end up paying the entire cost.

At that time the construction cost of the dam with two turbines was estimated to be \$42 million or \$43 million. We agreed through ICA to put up \$14 million of this cost with the balance to be derived from counterpart funds. In the early part of this year, the Development Loan Fund agreed to make available an additional \$21.5 million and what is more, the dam cost has increased from \$42 million to approximately \$73 million. My prediction had come to pass.

Mr. LAUSCHE. Do I correctly understand that the Senator from Louisiana raises no complaint about the military assistance we are providing to the nations of the world, and the defense support assistance?

Mr. ELLENDER. I wish to say, Mr. President, I think there is too much of such assistance. I have amendments which I will offer later to cut back both defense support and military assistance. I want to reduce both of them, and I will offer good reasons to the Senate, to show why both should be reduced.

Mr. LAUSCHE. I invite the Senator's attention again to Korea and Formosa. Is it not a fact that practically one-seventh of the troops which the free nations of the world have available are now in Korea and in Formosa?

Mr. ELLENDER. The Senator is correct. There are 18 divisions in Korea.

Mr. LAUSCHE. One-seventh of the troops.

Mr. ELLENDER. Wait a moment. There are 18 divisions in Korea.

Mr. LAUSCHE. I cannot mention the figures, although I know what they are.

Mr. ELLENDER. Why can the Senator not mention them? Is this information secret?

Mr. LAUSCHE. Yes, that is secret.

Mr. ELLENDER. Yet, these figures are known throughout the world. Those ROK divisions are being supplied with food and with clothes by this Government, and I think the American taxpayer has a right to know this.

Mr. LAUSCHE. Yes. Does the Senator know that to keep an armed serviceman in Korea costs \$400 a year?

Mr. ELLENDER. I have heard that figure mentioned.

Mr. LAUSCHE. Does the Senator know it costs \$185 a year on Formosa?

Mr. ELLENDER. I have heard that figure, also.

Mr. LAUSCHE. And that it costs in the United States \$3,700?

Mr. ELLENDER. Yes.

Mr. LAUSCHE. Is it not a fact that when the personnel of the Armed Forces is reduced among our allies to some extent we have to increase the personnel of our own forces in this Nation?

Mr. ELLENDER. I will say to my good friend from Ohio, we have provided funds for western Europe until it hurts. We envisioned at one time 36 divisions on duty in western Europe under the NATO command. I cannot say how many we have there today but it is much less than the 36 divisions. And even most of the divisions that are present, are paper divisions.

Yet our troops are there, at the agreed strength, although the British have withdrawn a good many of theirs, and the French have withdrawn practically all of theirs. Not only are we carrying most of the burden financially, but we furnish almost half of the troops there. I understand NATO is scheduled to get some troops from Germany, but today these are only paper divisions.

Let me say something else to my good friend from Ohio. Notwithstanding the fact that we have placed Western Europe on its feet, so that those countries are today more prosperous than we, some \$1,100 million of military assistance is included in this bill.

Mr. LAUSCHE. What disposition does the Senator from Louisiana make of the strong support which President Truman, President Eisenhower, the highly esteemed and departed Mr. Dulles, Mr. Herter, Mr. Dillon, every top official of the Department of Defense, including Mr. McElroy, the Chiefs of the Army, Navy, and Air Force, and every top official of the State Department gave this program? They have all said that the mutual aid program is an inseparable and integral part of our national defense, and that without it our security would be impaired.

Mr. ELLENDER. Oh, Mr. President, I have heard that story for the past 7 or 8 years. The same people parade before the committee every year. Where do they get their information? They get it from the little bureaucracy that we have built up abroad. I have visited with many of its members. Who makes the recommendations for the money to be appropriated here? Does the Senator think it is the local people? Of course not. The recommendations come from our own people. What they are trying to do is to bring the economy of those countries up to or near the level of our own. And they do not care what it costs.

When I go to South Korea and see the vast amounts of money spent, and see that we have increased the economy of that area to almost double what it was before World War II, and yet we still continue to support this country, it makes my blood boil. We must draw a line somewhere.

The Senator was Governor of Ohio for a long time. He was a great Governor. I know that he is as eager to balance the budget as I am. But we are never going to balance the budget by continuing a program which has been in effect for almost 13 years. Anyone can look

around and conclude that, so far as our security is concerned, today our position has not been substantially improved from what it was when we inaugurated the foreign air program. In the meantime Russia has grown stronger. Of course, our allies have attained astounding economic growth, through our assistance. Yet, as I shall show in connection with another amendment which I will offer shortly, they are not doing their share.

I hope the Senator from Ohio will be present when I make my presentation on that amendment so that I can show him the facts. If our allies contributed for the support of their armies the same amount, percentagewise, of their gross national product as we contribute, they could easily assist us in Formosa. They could assist us in Korea. They could assist us in southeast Asia. Who is there now? No one but Uncle Sam. That is true all over the world.

Moreover, in western Europe, where we might expect the nations to carry their share of the load, because they are so much better off now this bill provides \$1,100 million for military support. The President requested approximately \$700 for this purpose. The committee has voted to transfer \$223 million for military assistance from the Near East, Far East, and Southeast Asia to NATO Europe.

Mr. LAUSCHE. My concern about the budget is deep, but my concern about the security of the Nation from a military standpoint is deeper. My belief is that if we had not done what we did under the Marshall plan, and if we were not now doing what we are doing through the mutual aid program, the position of our country would be far graver than it is. We stopped the Communists from moving into Greece and Turkey. We have stopped them in the middle of Vietnam, and in the middle of Korea. We have stopped their incursion into other lands and, while I know they have been making progress, I express the opinion that while Khrushchev is uttering words of offense and challenge, the truth is that he is on the defense.

There is a resolution pending before the Senate to declare the week after July 4 to be Captive Nations Week. Everywhere in Europe, in the satellite nations, there are seething people waiting for the chance to rise. In Korea and Formosa we have developed strength. We stopped the incursion of the Soviets, and defeated their purpose to communize nations. I am not arguing about the Senator's statement with respect to \$700 million being adequate. He may be right about that.

Mr. ELLENDER. That is the President's view. My pending amendment would not deny the President of the United States anything he has requested for the Development Loan Fund.

I shall come later to a discussion of military assistance to the NATO nations and the Senator from Ohio may ask any questions he desires. I shall have available many facts which may be of interest to him.

Mr. LAUSCHE. Just one further word. If we step out the Communists

will step in, and we shall be in a far worse condition than we are in.

Mr. ELLENDER. Let me say to my good friend from Ohio that I visited Russia in 3 successive years—in 1955, 1956, and 1957. There is not a large city in Russia, except Vladivostok and Murmansk, which I have not visited. I have talked with many of the Russian people. I found that the Communists have had difficulty in imposing their rule over once-free nations, such as the three Baltic States, and in southern European Russia.

Mr. LAUSCHE. I must disagree with the Senator from Louisiana. He cannot convince me that Poland and Czechoslovakia—

Mr. ELLENDER. They are not a part of the Soviet Union. I am talking about the Soviet Union proper.

Mr. LAUSCHE. What about Finland, Estonia, and Latvia?

Mr. ELLENDER. The three Baltic States to which I have referred are Estonia, Lithuania, and Latvia. These are areas where the Russians are still having trouble. Why? Because at one time those people enjoyed liberty. And they know the difference between living under the totalitarian rule of the Communists and under a free government. I personally believe that there is no place in the world which, once it has known the fruits of freedom, would willingly accept the Communist yoke.

Suppose the calamitous would happen—which I sincerely hope never happens—and Western Europe were taken over by the Communists.

Does the Senator think the Communists could successfully impose their rule on Western Europe? Even in Poland the Communists have not been able to impose their way of life. For example, today in Poland, 92 percent of the farmland is still in private ownership. The Communists have not been able to impose on Poland the same kind of absolute control they exercise over the Russian people. They have not been able to do it in Czechoslovakia—not even in Hungary. About 87 percent of the farms in Hungary today are still in private ownership. The farmers there want no part of state farms or collectives.

The Communists have done all they could to impose the same type of absolute rule over those people as they have in Russia. They have not been able to do so. If ever war should break out, I would not like to be in the Communists' position, and have to depend on Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, and even little Albania and Yugoslavia. They are just waiting for the opportunity to find and embrace freedom.

Mr. LAUSCHE. Let me put a diadem on what the Senator from Louisiana said. I would be afraid, if I were the Communists today, of what the Russian people themselves might do, because they love liberty and freedom as much as do any other people in the world.

Mr. ELLENDER. I come back to the proposition, however, that the Communists can never successfully inflict their type of absolute control over the aver-

age man of countries which presently enjoy freedom, such as those of Western Europe, any more than they have succeeded doing so over nations such as Latvia, Lithuania, and Estonia.

Of course, I am not advocating that we simply allow the Communists to take over complete blocs of the free world. However, I submit that just as we cannot go so far as to let the Communists take over, we cannot go the other extreme and spend ourselves into bankruptcy. As I have pointed out, we have already spent almost \$80 billion in the form of loans and grants in order to assist our friends across the seas since the beginning of this program. We are still spending almost \$40 billion a year on our own military effort. How long can we keep this up and still survive?

Mr. President, all we have to do is to destroy initiative in this country and disaster will befall us. We will be ripe for destruction. Yet, today we owe more money than we will ever be able to repay. During the last fiscal year, our Government operated in the red almost to the tune of \$13 billion. Our debt to date is more than \$287 billion. The carrying charge on our debt today, that is, interest, is almost as much as was required to run the whole Government when I first came to the Senate in 1937. We cannot keep that up and survive.

There is no doubt in my mind that we will play right into the hands of the Communists if we destroy ourselves economically, if we continue to spend and spend and borrow and borrow to assist other nations, as we have in the past, without securing any better results than we have obtained.

What distresses me most is to see the reactions of countries like France, England, and Italy, and other countries of Western Europe. In this area we have made grants of more than \$15 billion. Why was this done? It was supposed to put them on their feet again, so that they could assist us in the future. Now they are catching up with us and are becoming our chief competitors. If this condition continues, believe me when I say we shall lose our way of life as we know it.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. ERVIN. The Senator mentioned as an illustration of his lack of confidence in the capacity of the ICA the Shihmen Dam project in Formosa. The matters connected with that project have brought me to the position where I cannot vote with confidence in the capacity of the ICA to administer the foreign aid program. The ICA made a preliminary inquiry as to firms of construction engineers who had the capacity to provide the construction advisory services with respect to that dam. They determined that nine companies had that capacity. They solicited bids from those companies on a cost-plus-fixed-fee basis for the engineering supervision of that project. Eight of the firms from which bids were solicited made responses to the invitation to bid and submitted bids. One of the firms was a

corporation created in Panama, known as the Morrison-Knudson International Co.

Mr. ELLENDER. That same company is doing ICA work all over the world. It escapes taxation in the United States; everything they make is gravy.

Mr. ERVIN. Another firm which submitted a bid, a highly reputable firm, which had been determined by the ICA itself to be capable of doing the work, was the J. A. Jones Construction Co., of North Carolina. The J. A. Jones Construction Co. offered to do the supervisory work for \$501,000 less than the Morrison-Knudson International Co. Both firms had already been determined by the ICA to be capable of doing the work. Notwithstanding that fact, and notwithstanding the fact that the North Carolina firm was willing to do the work for a fee of \$501,000 less than the Panamanian corporation—

Mr. ELLENDER. And which, by the way, was owned and operated by Americans, and located in the United States, remember.

Mr. ERVIN. Yes. The ICA rejected all bids and ordered that a contract be negotiated with the Morrison-Knudson International Co. The Morrison-Knudson International Co. is a wholly-owned subsidiary of an American corporation, Morrison-Knudson Co., Inc.

Notwithstanding the fact that the J. A. Jones Construction Co. offered to do the work for \$501,000 less than the Panamanian subsidiary of the Morrison-Knudson Co., Inc., and notwithstanding the fact that the J. A. Jones Construction Co. would have had to pay into the Federal Treasury as income taxes 52 percent of all its net profits on the job, and notwithstanding the fact that the shareholders of the J. A. Jones Construction Co. are all Americans, who would have had to pay additional income taxes on any dividends based on such net profits distributed to them, the ICA ordered that the contract be negotiated with the Panamanian corporation, which could have been founded by its sole owner, Morrison-Knudson Co., Inc., solely to beat the income tax devil around the stump.

The ICA was willing to throw away any Federal income tax which would have been paid by the J. A. Jones Construction Co. on any net profits earned by it. It ordered that a contract should be negotiated with the Morrison-Knudson International Co. from which the Government cannot get any taxes whatever on any net profits earned by it unless they come into the United States in the form of dividends to the Morrison-Knudson Co., Inc. The two affiliated corporations can beat the payment of any income taxes on that basis by paying out the earnings of the Panama corporation as salaries to the officers of the Panamanian corporation.

I have been unable to obtain any sensible information as to why the ICA should think it is worth \$501,000 more to have the Panama corporation supervise the work than the North Carolina company, and as to why it would want to favor a foreign corporation created by an American corporation for the obvious purpose of evading income taxes.

When I see things like that done, I lose confidence in the business capacity of the ICA to discharge the duties which devolve upon it in the administration of foreign aid program.

Mr. ELLENDER. That is only one of many such examples. The reports I have compiled over the last 7 years demonstrate that many similar transactions have transpired and I would wager that there are instances of similar preferences being shown by ICA officials in the awarding of these contracts, irrespective of the additional cost which would be imposed.

I first castigated the Shihmen Dam project back in 1955, after I visited the site. I am familiar with similar dams which are being built in our own country. I concluded, after inspecting the Shihmen site and reviewing the plans that the benefit-to-cost ratio would not be justified at a construction cost of \$42 million. But the ICA engaged a large firm to resurvey the dam; the ante was raised to \$73 million or \$74 million and the loans from Development Loan Fund are being used to pay for the dam's construction; plus sums from defense support.

Counterpart funds generated by the sale of goods to Formosa, goods purchased with our appropriated dollars, as the "local contribution" were used. In effect, the whole project will be paid for, either directly or indirectly, by the American taxpayers.

Mr. ERVIN. The Senator from Louisiana spoke effectively about some of the financial folly in which our Government has engaged, in connection with these plans. The Legislative Reference Service of the Library of Congress has advised me that at the beginning of the last fiscal year—that is, the fiscal year which just expired on June 30—there was a total carryover of prior appropriations for foreign aid in the amount of \$9.5 billion, and that for the fiscal year ending June 30, additional appropriations were made in the form of increased capital for the Export-Import Bank, in the form of appropriations under the Mutual Security Act, and in the form of sums under Public Law 85-935 totaling \$6.1 billion additional, making a total amount available for foreign aid from all sources during the fiscal year ending June 30, of \$15.6 billion.

Thus there was \$15.6 billion available for foreign aid purposes during a period of time when the United States was operating in the red to the extent of \$12 billion. In other words, the total appropriations available for all foreign aid projects during that fiscal year, counting the carryover plus the appropriations for that fiscal year, exceeded to the extent of \$3.6 billion the amount of our deficit.

Mr. ELLENDER. I thank the Senator from North Carolina.

Mr. STENNIS. Mr. President, will the Senator from Louisiana yield for a question?

The PRESIDING OFFICER (Mr. BARTLETT in the chair). Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. ELLENDER. I yield.

Mr. STENNIS. As I understood the Senator from Louisiana, he said that the committee amendment contains an item authorizing the appropriation of \$1,100 million for military aid in Western Europe. Is that correct?

Mr. ELLENDER. Yes. I shall cover that subject in detail in connection with the presentation of my next amendment.

Mr. STENNIS. Very well. I thought the Senator from Louisiana had covered that point.

Mr. ELLENDER. Only incidentally.

Mr. STENNIS. If the Senator from Louisiana is going to cover it later, I shall wait until then.

Mr. ELLENDER. I thank the Senator. Mr. President, I hope the amendment will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER] to the committee amendment.

Mr. FULBRIGHT. Mr. President, on this question—

Mr. JOHNSON of Texas. Mr. President, will the Senator from Arkansas agree to have the vote on the pending question taken at the conclusion of 5 or 10 minutes, so that the Members can be notified?

Mr. FULBRIGHT. I do not expect to take long, but I thought it would be proper to speak for at least a few minutes.

Mr. JOHNSON of Texas. How long does the Senator from Arkansas expect to speak?

Mr. FULBRIGHT. I do not wish to delay the Senator from Texas. So if he prefers, I am willing not to speak at all on this question.

Mr. JOHNSON of Texas. Oh, no.

Mr. FULBRIGHT. But either 5 or 10 minutes would be quite acceptable to me.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to vote on the pending amendment at the end of 5 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. MORSE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. FULBRIGHT. In any case, Mr. President, I shall not speak long.

Mr. President, it is very difficult to reply to the Senator from Louisiana [Mr. ELLENDER]. It seems to me that he has attacked the integrity, the intelligence, and perhaps the loyalty of all the employees of this agency, ICA, right down the line. I deeply regret that the debate has taken that turn.

The Senator from Louisiana has said that all the employees of the ICA—and that includes the Under Secretary of State, Mr. Dillon—are insincere in their work, and are holding down their jobs only in order to receive the pay; at least, that is the only inference that can be drawn from what the Senator from Louisiana has said.

Mr. President, I think the employees of this agency are sincere and patriotic, and are doing the best they can with the program which has been entrusted to them.

The Senator from Louisiana has criticized the engineers who built the Shihnen

Dam, in Taiwan. However, that firm of engineers is considered to be very competent in the construction business, and that firm has been a member of the syndicate which has built dams in my State, very good dams which were built in accordance with the Government specifications.

Certainly it is very difficult for me to take up the Senator's charges of mismanagement and misjudgment, if not actual disloyalty.

It would certainly be deplorable if our country were in such terrible condition that it could not approach these matters in at least an objective way, with the only differences between us based on matters of judgment, rather than to accuse all the employees of this executive agency with deliberate mismanagement, and of being bureaucrats who manufacture projects in order to keep their own jobs. I, for one, do not believe that to be the case.

Certainly I have my own doubts about some of the projects. Perhaps the dam on Taiwan is too elaborate. However, this very body recently went a great distance in supporting the Nationalist Chinese, especially when former Senator Knowland was here.

If the project to which the Senator from Louisiana has referred is too large for the job to be done in Taiwan, I would say that the Senate itself bears at least part of the responsibility.

I do not believe that the employees of ICA are selfish bureaucrats who do not have the interests of their Nation at heart.

In fact, Mr. President, I cannot think of anything that would give more encouragement to the Russians than a situation in which the employees of the executive branch of our Government had no interest in the welfare of the Government or the welfare of the Nation. I often question the judgment of those in the executive branch, but I certainly do not question their sincerity or their patriotic purposes, particularly in connection with the Development Loan Fund.

The pending bill, as it now stands, as a result of the action already taken on it by the Senate, provides only for an authorization for an appropriation for the Development Loan Fund. I doubt seriously whether even the \$750 million authorized by the amendment which was adopted this morning for the fiscal year 1960 will actually be appropriated. That authorization will still have to be dealt with by the Appropriations Committee, of which the Senator from Louisiana is a member; and he will have an opportunity to cut the heart out of that item, when it comes before the committee. In fact, that committee, along with the still more hostile House Appropriations Committee, usually does make cuts in the requested appropriations for mutual security programs.

I believe it would be a great mistake to make a further cut in what would be only an authorization for next year.

I am frank to say that my enthusiasm for the pending bill has evaporated; I think the bill has already been gutted insofar as being an effective bill to meet

the responsibilities facing the country is concerned.

I shall not delay the Senate; the Senate can do as it pleases with this measure. I believe it is extremely improvident and very dangerous for the future of the free world and the future of our country to cut the program in this way and to attack it and attempt to discredit it, certainly, in the eyes of this country, and to encourage our antagonists and our enemies to believe that this country does not have the heart and the nerve to go through with this program.

When Senators state—and expect to be taken seriously—that the European countries are more prosperous than the United States is, I do not know how to reply. It is so unreasonable a statement that I do not know whether to attempt to make a serious reply to it.

Certainly it is sheer nonsense for Senators to state that the United States has gone bankrupt. The United States has not gone bankrupt at all: it simply has not chosen to balance its budget. No one seriously believes that the United States could not balance its budget.

If in 1954, we had not cut taxes by \$7 billion, who knows how much additional revenue we would have.

At any rate, our country has a gross national product twice that of Russia. Yet here is an attempt to make us shiver in our boots, and to make us believe that the United States cannot keep up with Russia. Some have said that our country could not contribute funds for the Aswan Dam because we could not afford to do so. But the Russians now are proceeding to contribute \$92 million for the first stage of the Aswan Dam.

Perhaps the dam in Taiwan is not so important. Certainly I have had my reservations about Taiwan and its importance. I am not a great admirer of Chiang Kai-shek. I have never made a speech on this floor advising the Senate and the country to go all out for Chiang Kai-shek.

Nevertheless, I think it is my duty as a Senator to do what I can to support the administration, even though it is not a Democratic administration, and even though I have differed with the administration on matters of policy. At least the administration is doing the best it can according to its own lights.

But, Mr. President, I simply cannot subscribe to an attack on the capacity and the integrity of the employees of this administrative agency.

All I can say now is that I hope the Senate will not further mutilate this program. In fact, it has already been mutilated to so great and so deplorable an extent that perhaps at this time we should simply forget all about it, rather than keep cutting and hacking at it here and there.

Finally, Mr. President, let me say that among the defects of this program, such as they are, is one which results from the policy of refusing to put the program on more than an annual basis. That policy makes it impossible for a proper, adequate program to be planned, and requires the administrators to say, "We cannot plan for more than 1 year." Mr. President, I do not know of any business

or any government that operates on such a basis. However, at the instance of the Senate and at the insistence of the other body, this agency can have only a 1-year program, and that is the principal reason for the deficiencies or inefficiencies which exist in the program; and in that respect I refer to the existence of inefficiency in Laos, Taiwan, and the like.

I do not know that the Shihnen Dam is an actual example of inefficiency. At any rate, the Senator from Louisiana has alleged that there are various instances of inadequacy or inefficiency. Certainly the chief difficulty is that the programs have a life of only 1 year.

Mr. HUMPHREY. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. The Senator from Arkansas has stated that our foreign aid program is a part of our defense shield. It has been stated again and again that our foreign aid program is not just another program to be cut and cut.

It has also been said that this program is not really good for our country. As a matter of fact, Mr. President, I do not think that a program good for others would be so bad for us, either; but possibly the one weakness of our moral armor is that we attempt to justify everything we do on the basis that it is good for us. But in the foreign aid program, as outlined in the pending measure and in the past foreign aid bills, there are projects which have the happy coincidence of being both good for our country and good for other countries.

Let me remind my colleagues that now in the city of Washington, is Mr. Kozlov, the Second Deputy Premier of the Soviet Union; and if Senators think he is in this city merely to eat lollipops and visit supermarkets, they are mistaken. He is sizing up the ability of our country to stand up in the face of Soviet competition.

Mr. FULBRIGHT. Let me say that I hope he does not read the record of the recent debate in the Senate; otherwise, he will think our country is ready to collapse. Of course, that is not the case, but certainly that would be the impression he would receive from some of the recent debate.

Mr. HUMPHREY. Senators are proposing that our foreign aid programs be reduced at the same time that the Soviets are increasing their foreign aid programs.

Recently the Turkish Ambassador, when he spoke in New York—and Turkey is a staunch ally of the United States—recommended that our country consider the fact that the Soviet Union is proceeding to pour millions and millions of dollars into Africa and Asia, in the form of capital investments for major developments. The big play of the Soviet Union in the days to come will be in Africa and Asia, with millions and billions. I should like to say to my capitalist friends if this capitalistic economy of ours cannot stand competition with the communistic economy of

the Soviet Union, at least we ought to stand up and admit it. I for one think we can. I do not think we are going broke. I do not think we are going to go broke. The only mistake we can make is to do too little when much needs to be done.

Mr. President, I, too, have been critical of this program. I have been critical of some of the mistakes which have been made. I could criticize the architect who designed my cottage at Waverly, Minn. But I did not burn down the house, and I did not shoot the banker because he loaned me money on a house which had some defects in it. And I am not going to tear down this program piece by piece or in one fell swoop because someone can pinpoint the fact that there was a mistake or two in it. The only thing to do is correct the mistakes. That is why I offered to bring into effect the full force and effect of the Accounting Act of 1921 to get information bearing on the ICA program.

The Senator from Virginia [Mr. ROBERTSON] offered an amendment identical to the one which I had offered. I joined with him in it, so we could get information.

My colleagues know that for more than 1 day I argued with representatives of the ICA about getting detailed information, country by country, and project by project, from the studies which have been made. I, too, want to know what is being done with the money. I was able to get some of this information, not as much as I would have liked, but a good deal of it.

Let us look at Taiwan. The Senator from Minnesota has not been one of Chiang Kai-shek's best public relations representatives—anything but. Despite my views as to certain policies relating to Taiwan, I want to commend the people of that country and the Government of that country for having done very well with the limited resources available to them.

The facts are, from our own Government records, that from 1950 to 1958, despite the tremendous burdens that Government bore, and despite the fact that many in that country had to retreat from the mainland, and despite the fact that hundreds of thousands of people came from the mainland, thereby placing terrific pressure on the Government, from 1950 to 1958 the gross national product expanded 85 percent, according to our figures, according to U.N. figures, and according to other figures. Agricultural production rose 45 percent. Livestock production increased 100 percent. Manufacturing increased 160 percent. Electric power, chemical fertilizer, and cotton cloth output increased 165 percent, 275 percent, and 250 percent, respectively.

Malaria, which in 1950 afflicted 1,200,000 victims, was reduced so it afflicted fewer than 500.

By 1957, through our foreign-aid program, through the cooperation of our Government with their Government, tuberculosis was reduced from 1947 to 1957 to less than one-fifth of its earlier incidence, through our help under ICA and the U.S. Public Health Service.

I say these results are the product of a very fine people. There are no finer people than the Chinese people. They are a fine people, and the Government is working under tremendous odds. It is one with which I have not always had sympathy, but it is a government that was attempting, working with its people, to do something to lift the economy.

I may add that all this happened although our assistance to Taiwan has been reduced 50 percent since 1950.

Mr. RANDOLPH. Mr. President, will my colleague yield?

Mr. HUMPHREY. Yes; I yield.

Mr. RANDOLPH. Is it not true that the per capita national product in the United States is \$2,500 a year?

Mr. HUMPHREY. Or more.

Mr. RANDOLPH. Is it not also a fact that in India and Pakistan it is approximately \$80 a year?

Mr. HUMPHREY. Or less.

Mr. RANDOLPH. Is it not also indicated that in China, a country of which the Senator has been speaking, that it is perhaps \$60 a year?

Mr. HUMPHREY. I am not sure of that figure, but I will accept the Senator's evaluation.

Mr. RANDOLPH. I think that is true.

Mr. HUMPHREY. For Taiwan I think it would be higher.

Mr. FULBRIGHT. It is \$100.

Mr. HUMPHREY. About \$100.

Mr. RANDOLPH. The questions I have asked might cause Senators to believe that the creation of this shield against Soviet communism is solely the responsibility of the United States. I do not so advocate. I do feel, however, that the major responsibility is ours because we have developed, I think, a superior wealth, and I believe we have had a full measure of good fortune. There is an obligation for us to use wisely the bountiful resources which will aid ourselves and millions of men and women throughout the countries of the earth. It was the Prince of Peace who many centuries ago told mankind that "For unto whomsoever much is given, of him shall much be required."

Mr. HUMPHREY. I thank the Senator. I for one have advocated that the aid be directed through multinational and multilateral organizations. This happens to be my personal view. I think we can get better results out of so-called multilateral operations, as we have proved in the multilateral technical assistance program of the United Nations. Dollar for dollar, we get three times as much.

Men like Paul Hoffman, of the United Nations Special Fund, a man who has an outstanding record of public service for his country, tell us that in the multilateral or multinational types of projects, in which several countries or governments, rather than one or two, participate, we get much better results.

Be that as it may, the Congress of the United States has not taken too kindly to the idea of multinational or multilateral programs. We have sought bilateral ones. We have wanted to have our own arrangements with other countries. There is a weakness in such pro-

grams. I think they lend themselves to Communist propaganda attacks.

But, let the record be clear that despite these weaknesses, there have been positive, constructive results from such programs.

Let us consider a country like Laos. The program in that country has been subject to investigation, and rightly so. There was corruption, and there may still be some.

The chairman of the committee reminds me most of it was in a private company in private dealings.

An article on Laos was written by Ernest K. Lindley in *Newsweek* for June 1, 1959. He is one of the most able, competent, experienced, and learned men in the journalistic profession, a man who, in his own right, is a known political commentator and analyst of quality and ability. This is not to over-emphasize his unique qualities. The title of the article is "Near Miracle in Laos." I read it:

VIENTIANE.—A near-miracle has occurred in landlocked Laos, most remote, most primitive, least organized of the free nations which sprang from French Indo-China. It is not entirely a miracle because it is due to the intelligence and courage of Laotian leaders who understand communism and are resolved to preserve the independence of their country. The American Government has given effective help. As a result the situation in Laos is utterly different from that depicted in recent congressional rehashings of the past.

To appreciate the near-miracle it must be remembered that Laos has a very long border with Communist North Vietnam and China. Its two northern provinces were controlled by Laotian Communist troops when the Indo-China war ended in 1954. Two Communists were admitted to the cabinet in 1957. Only a year ago, the Communists and their allies scored an ominous political victory, winning a majority of the additional seats in the enlarged national assembly. Meanwhile, corruption had made Laos a highly publicized example of badly administered American aid.

There is the sad, ugly, dirty news. This is the kind of news that gets the headlines—corruption, communism, infiltration, trouble, and misery. For some reason or other, there seems to be a sadistic quality about us. When we see that kind of news in the newspapers, we say, "Oh, there is news now." Let me say that the best news the world has ever known was about a child, a little baby, in Bethlehem, which did not make much news.

Now listen to the good words in the article:

Last summer the near-miracle began to develop. Most of the older anti-Communist leaders put aside their feuds and united in a new party: Rally of the Lao People. Concurrently, progressive younger Lao, who had never held elective office, although most of them had served in appointive posts, organized the Committee for Defense of National Interests, dedicated to clean government as well as to saving Laos from communism. A new cabinet was formed, including four of these young men and excluding the Reds.

REPULSE

Last October the new government removed the chief source of graft by abolishing import licenses and devaluing the currency. It firmly withstood a phrenetic Communist

counteroffensive—demands for reactivation of the International Control Commission (including a Communist member) which had left Laos in July, supported by a strong propaganda campaign from North Vietnam and raids across the border by Vietminh troops. In January, it obtained a 1-year grant of special powers from the National Assembly and added three army officers to the cabinet.

Four months ago this new regime launched a campaign designed to destroy communism at the rice roots. One arm of the campaign is village improvement—most of the 2 million Laotians live in some 10,000 villages. The Government is giving the villages cement and roofing materials, and they are building schools. The village campaign includes public health and local roads. The other arm of the campaign is the strengthening of the administrative pyramid, extending downward to the villages.

ADVANCE

Traditionally, each village elects its own headman and the headmen of each group of 6 to 10 villages elect their district leader. Now these lower officials must be approved by the National Government. The Communists and their dupes are being eliminated. The prestige of reliable lower officials is being built up by giving them official huts and staff assistance. In this, the Laotian army, trained, at our expense, has an active role. Six picked army men are assigned as staff to each district leader. Meanwhile, graduates of the U.S. training programs in agriculture, public health, and so forth, are beginning to move into the field.

Thus while backward-looking congressmen rake over the past, Laos has moved ahead. I talked with Premier Phoul Sananikone and with such younger officials as Inpeng Surayadhai, Secretary of State for Education, and Lt. Col. Oudone Sananikone, Secretary of State for Social Affairs and Public Health. They seem to me to be both capable and socially enlightened. The changed situation in Laos justifies two conclusions: (1) Despite past waste and corruption, American aid has been a success and (2) not to give this new regime our unstinting support would be blind folly.

I am not going to take the time to read this entire article. I am going to say, however, that very few Americans heard the good news. Very few Americans heard that this was a government which had made almost superhuman efforts to clean house, after our own Government made inquiries. Our investigators learned the sensational news, and after our Government went to the Government of Laos and said, "You must change; you must clean up," the Government reacted responsively and responsibly.

The record today is that there is considerable improvement in the country of Laos. Some one may ask me, "Well, is it perfect?" Of course it is not. This is a country which is barely existing. It is hanging on. I venture to say that it will not hang on without our help. If some Senator wants to vote to give away to the Communists this country of Laos, that is his responsibility. I am not in favor of giving the Communists one inch of ground or one ounce of earth. I would rather give the people of the world a good deal of help, before I would give to Communist imperialism the opportunity to make one inch further advance in this world, so long as we can afford it.

I will say to my friends in this body, who may take this subject rather lightly,

that if we stop the program in a country like Laos, we will see what will happen. Some persons may ask, "Well, how long are we going to keep this up?" I do not know. I know we are going to be in the struggle with international communism so long as bolshevism is as it is, or one of us is going to be defeated. There may be some who want to yield, but I am not the appeasing or the yielding kind.

I think the Congress must make it manifestly clear, particularly as we talk about summit meetings, as we talk about a Geneva Foreign Ministers meeting, and as Soviet high officers are sent to the United States, that we are not ready to compromise our principles. The sooner we make it crystal clear that we will not back down one bit, that we are not ready to compromise our programs and our principles on the altar of budgets, the sooner we will be able to have, I will say, a real bargaining position with the Communists.

We are not going to get any place with the Communists by filling the CONGRESSIONAL RECORD with statements about what we cannot afford to do. We can afford to do whatever we want to do. There are lacking in this country: will, direction, leadership, determination, sacrifice. If I never make another speech as long as I live, let me say that unless this Nation of ours buckles down to the task and literally goes to the mat with the Soviet Union on every one of the matters in controversy, economically, militarily, politically, culturally, every place across the board, unless we are willing to join the issue and win the fight, we will not be talking about balancing budgets. We will be trying to learn how to say "nyet" and "da" and we will be wondering who is going to be the next commissar. That may be far off in the distant future, but it is there.

I should like to get on the offensive. I hope I will not hear Senators criticizing the administration for its defensive position, unless we are willing to back the administration up and give the administration a chance to get on the offensive.

I want the President to know that so far as I am concerned I am with him every time he wants to go to the mat with the Soviet Union representatives and try to demonstrate American leadership. I want the President to know that whomsoever he wants to meet with he will have my support, if the meeting will contribute to peace and justice. I want the President to know that I am not willing to tie his hands when it comes to waging the kind of struggle we are compelled to wage.

There is no room for partisanship in this matter, and I will admit none in my attitude. All I want to do is to give the Government of the United States—our Government—the tools with which to work. We cannot do it by standing around every year and arguing about an authorization as if the Communists dropped dead just before the end of the fiscal year. The Communists refuse to cooperate, Mr. President. They are going to be around, whether the fiscal year comes or goes.

Every time we are just about at a crucial point in negotiations we have a way of demonstrating weakness. I was in Europe in November, when I heard the leaders of the administration talking about cutting back the defense budget, and the word spread through Europe like wildfire. The Senator from Kentucky was in Europe with me. It did not help our position. One of the reasons why Mr. Khrushchev took the stand he assumed on Berlin is that he sensed the sign of weakness, of indecision. He sensed that perhaps we were going to back down a bit.

Now we are getting ready to go back to the Geneva Conference of foreign ministers. The fate of the world may well be in the balance at Berlin. The Deputy Premier of the Soviet Union said today right in the Nation's Capital that the dispute over Berlin could be the spark which ignites the conflagration.

Mr. RANDOLPH. And there will be other Berlins.

Mr. HUMPHREY. There will be other Berlins, as the Senator from West Virginia notes.

This is not the time to give any indication that somehow or other we put something ahead of our security, something ahead of our safety, something ahead of our foreign policy commitments, something ahead of our military strength, or something ahead of our economic strength.

Mr. DWORSHAK. Mr. President, earlier in the debate today when I had a colloquy with the distinguished chairman of the Committee on Foreign Relations [Mr. FULBRIGHT], he referred to an article which was published in the morning edition of the Washington Post and Times Herald, which implied a criticism of the Committee on Appropriations because allegedly a \$5.7 million "ghost" hospital had been built by the Air Force in Normandy, France, which remains unused.

I know that the chairman of the committee wants the record to show the actual facts. Therefore, as a member of the committee I asked a member of the staff to check the facts. Substantially, the facts are that in 1952 the Air Force requested funds to build a 500-bed hospital in northern France. At that time the requests were made for funds to build a second Air Force hospital near Paris. At that time we had about 70,000 Air Force personnel in the area. It was presumed the personnel would remain there indefinitely. In order to take care of our personnel and their dependents, funds were requested to build this hospital at Evreux, France.

In 1955 there was a reduction in Air Force personnel, and the planning was cut back from 500 beds to 300 beds. The proposed hospital to be built near Paris was canceled out entirely.

Subsequently further reductions in our American personnel in France were made, at a time when 92 percent of the funds obligated for the Evreux Hospital had been expended. The hospital was completed in 1958, but at that time there had been such an extreme reduction in personnel that the hospital was not actually put into operation. Instead, it

was placed on a standby basis for some possible emergency expansion of the Air Force. Brig. Gen. John K. Cullen, of the Air Force, has said that because of uncertainties with the French Government over NATO forces in France there is no immediate plan for the hospital's use.

Mr. President, I am sure the chairman of the Committee on Foreign Relations wants to be fair, and certainly he did not intend to criticize the Committee on Appropriations for complying with the recommendations of the Defense Department to provide hospital facilities in France.

On the other hand, Mr. President, I believe the developments indicate that the committees which authorize the expenditure of funds, which funds are made available later by the Appropriations Committee, should exercise greater caution. It has been said in the debate today, and it is generally said when an authorization bill is presented, that nothing is involved because later the Appropriations Committee will be called upon to implement the authorizations and to provide the essential funds.

Mr. President, I think the record will show in this specific instance that the chairman of the Committee on Foreign Relations was not justified in criticizing the Committee on Appropriations, because the Appropriations Committee merely recommended the funds which were required to provide adequate hospital facilities for our Air Force military personnel in northern France. But I believe it is also significant, Mr. President, to note the fact that we are not receiving cooperation from our allies in western Europe; in this instance, from France. It was necessary to cancel out the planning for that particular hospital.

I wish to emphasize that it is not the Appropriations Committee which should be criticized for implementing such a military program, but rather that the authorization committees and the Defense Department itself should be held accountable. In this instance, I believe more of the responsibility and blame, if there be blame involved, should be placed upon that gallant leader of France who recently has refused to cooperate with the other nations in NATO in resisting the Communist threat of aggression.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senator from Delaware [Mr. FREAR], the Senator from Rhode Island [Mr. GREEN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Montana [Mr. MURRAY], and the Senator from Ohio [Mr. YOUNG], are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that, if present and voting, the Senator from Rhode Island [Mr. GREEN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MURRAY] would each vote "nay."

On this vote, the Senator from Delaware [Mr. FREAR] is paired with the Senator from Minnesota [Mr. MCCARTHY]. If present and voting, the Senator from Delaware would vote "yea" and the Senator from Minnesota would vote "nay."

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from Ohio [Mr. YOUNG]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Ohio would vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] is absent on official business of the Joint Committee on Atomic Energy.

The Senator from Connecticut [Mr. BUSH], the Senators from Kansas [Mr. CARLSON and Mr. SCHOEPPPEL], the Senator from Arizona [Mr. GOLDWATER], the Senator from Vermont [Mr. PROUTY], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Maryland [Mr. BEALL] is absent on official business.

If present and voting, the Senator from Maryland [Mr. BEALL], the Senator from Kansas [Mr. CARLSON], and the Senator from Vermont [Mr. PROUTY] would each vote "nay."

On this vote, the Senator from Kansas [Mr. SCHOEPPPEL] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Connecticut [Mr. BUSH]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Connecticut would vote "nay."

The result was announced—yeas 30, nays 50, as follows:

YEAS—30

Bartlett	Ellender	McClellan
Bible	Ervin	Martin
Bridges	Gruening	Robertson
Butler	Hartke	Russell
Byrd, Va.	Hruska	Smathers
Byrd, W. Va.	Johnston, S.C.	Stennis
Cannon	Jordan	Talmadge
Cotton	Kerr	Thurmond
Curtis	Langer	Williams, Del.
Dworshak	Long	Young, N. Dak.

NAYS—50

Aiken	Hennings	Morse
Allott	Hickenlooper	Morton
Capehart	Hill	Moss
Carroll	Holland	Mundt
Case, N.J.	Humphrey	Muskie
Case, S. Dak.	Jackson	Neuberger
Church	Javits	Pastore
Clark	Johnson, Tex.	Proxmire
Cooper	Keating	Randolph
Dirksen	Kefauver	Scott
Dodd	Kuchel	Smith
Douglas	Lausche	Sparkman
Engle	McGee	Symington
Fulbright	McNamara	Wiley
Gore	Magnuson	Williams, N.J.
Hart	Mansfield	Yarborough
Hayden	Monroney	

NOT VOTING—18

Anderson	Eastland	Murray
Beall	Frear	O'Mahoney
Bennett	Goldwater	Prouty
Bush	Green	Saltonstall
Carlson	Kennedy	Schoeppel
Chavez	McCarthy	Young, Ohio

So Mr. ELLENDER's amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ELLENDER. Mr. President, I offer an amendment which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 17, beginning with line 14, it is proposed to strike out through line 18.

Mr. ELLENDER. Mr. President, I shall not detain the Senate on this amendment, because I discussed it during debate on the amendment which was just rejected.

The amendment carries out the original purpose of the Development Loan Fund. That is, policy control over the Fund would remain vested in a board, now named in the law, and the administration of loans and related work would remain under the jurisdiction of the Export-Import Bank. The committee amendment would take the administrative control of the DLF from the Export-Import Bank and put it under ICA.

I hope the Senate will adopt the amendment. It merely preserves the intent of Congress when the Development Loan Fund program was created. I shall again read, for the benefit of Senators who were not present, certain language found in the report of the House Committee on Foreign Affairs on the Mutual Security Act of 1958. I quote:

Separating the administration of this program from the International Cooperation Administration—the agency which administers grant economic assistance programs such as defense support and special assistance—will serve to reinforce and emphasize the distinct purposes and methods of the Development Loan Fund program. It will help to clarify these distinct purposes and methods to other countries, to the public, and to private business and financing organizations which are concerned with this program. It will provide a small staff which will concentrate on the administration of this program and will not have to be responsible simultaneously for administering programs of grant economic assistance through different procedures for different purposes.

My amendment would simply strike from the bill that provision which would have the effect of turning Development Loan Fund administration over to ICA.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HOLLAND. I certainly hope the amendment will prevail. The long years of experience and practice of the Export-Import Bank will help to strengthen

and stabilize this program. The staff which has been built up through the years know how to deal with these important problems. I hope the amendment will be adopted in the interest of stability in the field of lending.

Mr. ELLENDER. I wish to call the Senate's attention to one other item covered by my amendment. The amendment deletes language creating one additional job, paying \$18,000, in the Development Loan Fund. It occurs to me that since the Export-Import Bank has field offices throughout the world, and the Development Loan Fund is already well provided with personnel, to add this extra job would be most wasteful. I hope the amendment will be adopted.

Mr. FULBRIGHT. Mr. President, in the words of former Senator Tom Connally, this is what might be called a tricky amendment, because the administration has not insisted upon it, and I think for a good reason. They want the ICA to administer the program. It originated there, and the committee thought they made a case for it.

I think the Senator from Louisiana has left the wrong impression about the administration of the Loan Fund. The Export-Import Bank does not supervise it; it does not make policy; it does not make decisions for the Development Loan Fund. All it does is to furnish administrative service. It acts as the agent in the field in many places. It performs an administrative or clerical function. It does not make decisions for the administration. I refer to page 17 of the report.

I think this amendment, again, is very much in the same class with the requirement that the Fund cannot plan for more than 1 year. This amendment hobbles the administration of the program. It makes it more difficult to administer.

If the Senate wants to put more obstacles in the way of the Development Loan Fund, this is the way to do it. The administration wants one more position at the rate of \$18,000 a year, and they wish to have flexibility with regard to the administration of the Fund, not the policymaking activity. They believe, in view of the fact that they expect to have large quantities of foreign currency, which the Export-Import Bank does not handle, they will be able to do it more efficiently.

The amendment does not require the Fund to give up any assistance from the Export-Import Bank; it merely makes it permissive and provides the option to use or not to use, as desired, the ICA's own facilities. That is the effect of the committee amendment.

It is a very small matter. I do not think it will destroy the Development Loan Fund. I do not think it is a very important matter. It is a tricky little obstacle in the way of better administration.

While the Committee on Appropriations has already assumed the authority to determine how much money will be granted, or whether there will be a program at all, I do not quite see why it must determine, as well, the little details of how the program shall be established

and the number of employees it must have.

But if the Senate wishes to stop that, of course, it can do so.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER] to the committee amendment. [Putting the question.]

Mr. ELLENDER. Mr. President, I ask for a division.

On a division, the amendment to the amendment was rejected.

Mr. ELLENDER. Mr. President, to the committee amendment, I submit my amendment identified as "7-1-59-C."

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 25, in line 15, it is proposed to strike out everything following the period, through line 24.

Mr. ELLENDER. Mr. President, this amendment would strike from the committee amendment on page 25, beginning in line 15, the following:

Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to the Development Loan Fund, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of title II of chapter II of this Act.

Mr. President, the language I have quoted simply means that, in addition to the dollar authorization now carried in the bill for the Development Loan Fund, all local currency repayments on loans made under section 505 of the act, would be dedicated to the Development Loan Fund. If that is done, this money could be loaned without further action by Congress. Under existing law, as I understand it, these funds must be appropriated before they can be used. Yet the committee amendment would simply add to the Development Loan Fund all local currency repayments, on outstanding MSA credits, which cannot be converted into dollars. Believe me, Mr. President, there are hundreds of millions of such credits.

This proviso should be stricken from the committee amendment. If those funds are to be used for the Development Loan Fund, Congress should be permitted to make them available through the normal appropriations process.

Mr. DOUGLAS. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. DOUGLAS. I have been much disturbed by the possibility that these accumulations of local currencies might be used to reduce the internal debt of the other countries, instead of being used for constructive internal developments. We know that was done in the case of Greece.

Let me ask whether at present there is clear language which would prevent the ICA from so using the funds; or whether

this agency now has, under the basic act and the amendments proposed to it, the power to use the funds accumulated under Public Law 480, and otherwise, to reduce the internal debts of the recipient countries.

Mr. ELLENDER. So far as the repayments on credits made available under Public Law 480 are concerned, they are earmarked for certain purposes. Forty percent of the proceeds derived from Public Law 480 sales is used to defray certain expenses abroad which may be incurred by our own people, and 60 percent of the remainder—that is, 60 percent of the sales proceeds—is loaned to certain countries on long terms, at low rates of interest.

Mr. DOUGLAS. Can they be used to reduce the internal public debts of these countries?

Mr. ELLENDER. No.

Mr. FULBRIGHT. Mr. President, let me refer the Senator to section 516, on page 43. It expressly prohibits their use for such purposes.

Mr. DOUGLAS. Does the Senator from Arkansas refer to that part of the basic act?

Mr. FULBRIGHT. Yes.

Mr. ELLENDER. That is correct.

Mr. DOUGLAS. Then under what authority did Mr. Dillon use \$100 million to reduce the internal debt of Greece?

Mr. FULBRIGHT. We were seeking to remove that provision, but it was not removed. But I do not know why we should go all over that debate again.

Mr. ELLENDER. I wish to say to my friend, the Senator from Illinois, that this amendment does not cover local currency repayments on Public Law 480 loans. The amendment covers such repayments which have been or may be made on the credits we have outstanding. As I understand, before these credits can be used for any purposes other than those fixed by law, authority must be obtained from Congress.

But, if the committee's view prevails, all of them which cannot be converted into dollars would go into the Development Loan Fund; and no matter how much there may be, it would not have to be accounted for to Congress, but could be used to augment the Development Loan Fund, as I have previously pointed out.

Mr. FULBRIGHT. Mr. President, the amendment offered on page 25 of the committee amendment does not affect Public Law 480 funds, but it affects the great mass of the funds. The pending amendment to the committee amendment expressly provides:

Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations—

And so forth. In other words, after the U.S. Government surveys all the needs it may now service with these funds, it may put whatever is left over into the Development Loan Fund.

Mr. President, the pending amendment to the committee amendment is not very important. I do not particularly care if the Senate does not want this use to be made of the credits. But otherwise such funds cannot be used,

either to construct a building or in any other way.

Our entire intention is to make the funds available for use under the Development Loan Fund; otherwise, the funds could not be used. I believe there should be some opportunity to make use of these excess funds. That is the only point.

Mr. ELLENDER. But these funds could be used for our benefit in those countries, if only an effort were made to do so.

Mr. FULBRIGHT. The Senator's amendment uses the words "in excess of the requirements of the United States." That is the point.

Mr. ELLENDER. But the committee report shows that this provision of the committee amendment means funds which cannot be reduced to dollars. Anything above that would go into the Development Loan Fund.

Mr. FULBRIGHT. It does not mean that. Practically none of these funds can be reduced to dollars.

Mr. ELLENDER. They could and should be used to pay for purchases by other agencies of our Government. But if these funds are put into the Development Loan Fund, we shall lose control over them entirely.

Mr. LANGER. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. LANGER. What is the total amount.

Mr. ELLENDER. The sum of over \$800 million in MSA loans is outstanding.

Mr. LANGER. I suggest to the Senator from Louisiana that the yeas and nays be ordered on the question of agreeing to his amendment.

Mr. ELLENDER. I shall request the yeas and nays on my next amendment.

Mr. CASE of South Dakota. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. CASE of South Dakota. The wise use of these foreign currencies is a subject which I believe the Congress should explore to the fullest advantage. It seems to me that if these foreign currencies could be used in lieu of dollars in the Development Loan Fund, that would be a good thing to do. But if they are simply to be an addition to it, I think we have already amply provided for the Development Loan Fund.

Mr. ELLENDER. That is the point. These funds would be over and above the dollar authority provided in the bill.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. HOLLAND. Is it not a fact that the report to the Senate on the Development Loan Fund showed that of the loans made to date, approximately 20 percent are repayable in dollars and approximately 80 percent are repayable in foreign currencies?

Mr. ELLENDER. That is correct.

Mr. HOLLAND. Does not that mean that if the repayments are made, any part of the 80 percent which may not be applied to some use which our Government has in those countries will become

a revolving fund to be added to the dollar appropriation which is made for the use of the Development Loan Fund?

Mr. ELLENDER. That is correct. In other words, this whole fund revolves. None of it will ever come back to the Treasury.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER] to the committee amendment. [Putting the question.]

The amendment to the committee amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, if I may have the attention of Senators, let me point out that I have stated several times to the Senate that we hope to have today's session continue into the evening, if necessary, in order to have the Senate complete its action on this measure.

Many of my colleagues have expressed a desire to have the Senate complete its action on the measure by midnight, if possible.

I am now informed by several Senators that they do not wish to have this measure voted on tonight, that many more Senators have engagements in their States tomorrow and tomorrow evening, and, therefore, they would look with much pleasure on having the amendments and the committee amendment itself voted on next Tuesday. We could call the calendar on Monday, with the understanding that any votes that developed would go over until Tuesday.

If it meets with the pleasure of my colleagues, I will state that the Senate could remain in session as late this evening as any Senator cares to have the Senate do so, in order to offer amendments. If Senators wanted roll-calls on the amendments, those votes could go over until next Tuesday. If they were voice votes, the amendments could be voted on. The Senate would also remain in session for the purpose of having general statements. We will keep the Senate in session as long as necessary to accommodate those Senators.

Mr. President, I ask unanimous consent that following the morning hour on Tuesday, debate on amendments to the bill be limited to 30 minutes, and general debate on the bill itself be limited to 2 hours, to be equally divided between the proponents of the amendments and the majority leader, if he is opposed, and, if not, the minority leader; the time for debate on the bill itself to be equally divided between the majority leader and the minority leader.

The PRESIDING OFFICER. Is there objection?

Mr. ELLENDER. Mr. President, reserving the right to object, I still have three major amendments which I intend to offer. I shall require more than 15 minutes to make an adequate presentation of them. If the Senator will modify his request to 1 hour, the time to be equally divided between each side, I would not object.

Mr. JOHNSON of Texas. One hour on each of the three amendments?

Mr. ELLENDER. Yes.

Mr. JOHNSON of Texas. Mr. President, I make that exception on the three Ellender amendments.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered.

The unanimous-consent agreement, as subsequently reduced to writing, is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Tuesday, July 7, 1959, at the conclusion of routine morning business, during the further consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, debate on any amendment (except three amendments by Mr. ELLENDER, to be designated by him, upon which there shall be a limit of 1 hour of debate), motion, or appeal, except a motion to lay on the table, shall be limited to 30 minutes, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

Mr. ELLENDER. Mr. President, I call up my amendment identified as "7-1-59—O."

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana will be stated.

The CHIEF CLERK. It is proposed, on page 13, line 23, strike out "\$1,600,000,000" and insert in lieu thereof "\$1,050,000,000."

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

The PRESIDING OFFICER. If there be no reports of committees, the clerk will state the nominations on the Executive Calendar.

DEPARTMENT OF STATE

The Chief Clerk read the nomination of G. Lewis Jones to be an Assistant Secretary of State.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Bernard Gufler to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Ceylon.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The Chief Clerk proceeded to read sundry nominations in the Public Health Service.

Mr. JOHNSON of Texas. Mr. President, I ask that those nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

PUBLIC UTILITIES COMMISSION OF THE DISTRICT OF COLUMBIA

Mr. JOHNSON of Texas. Mr. President, I yield to the senior Senator from Nevada [Mr. BIBLE], who has a nomination which has been ordered unanimously reported, but which is not on the Executive Calendar.

Mr. BIBLE. Mr. President, from the Committee on the District of Columbia, I report favorably the nomination of Harold A. Kertz, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia. I ask unanimous consent for the present consideration of the nomination.

I might state the nomination was ordered reported unanimously by the District of Columbia Committee today. There is some urgency in this matter. It has been checked with both the majority and the minority leaders.

The PRESIDING OFFICER. If there is no objection, the nomination will be stated.

The Chief Clerk read the nomination of Harold A. Kertz to be a member of the Public Utilities Commission of the District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. JOHNSON of Texas. Mr. President, I ask that the President be notified forthwith of the nomination confirmed.

The PRESIDING OFFICER. Without objection, the President will be so notified.

LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, if I may make one brief announcement, I shall yield the floor.

I want to make it abundantly clear that the Senate will remain in session for as long as any Senator desires, for the purpose of having general statements made or taking action on any amendments which can be voted upon by voice vote. The Senate will then adjourn over until Monday.

Mr. President—

The PRESIDING OFFICER. The Senator from Texas.

ORDER FOR ADJOURNMENT TO MONDAY NEXT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in adjournment until Monday at noon.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, we will have a calendar call on Monday, but if any votes should develop, they will go over until next Tuesday. On Tuesday, following the morning hour, the limitation of debate will begin.

ORDER FOR CALL ON MONDAY OF MEASURES ON THE CALENDAR TO WHICH THERE IS NO OBJECTION

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that it be in order to call the calendar on Monday for consideration of measures to which there is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. HUMPHREY. Mr. President, if I may have the attention of the chairman of the Foreign Relations Committee, the Senator from Arkansas [Mr. FULBRIGHT], I have an amendment at the desk identified as "6-29-59—B," relating to World Refugee Year.

I have discussed this amendment with the chairman of the committee. I have asked that the chairman take this amendment to conference so we can have the opportunity to discuss it with our conferees from the House when action on the bill is finally completed.

The PRESIDING OFFICER. Would the Senator from Minnesota care to ask unanimous consent to lay aside the pending amendment temporarily?

Mr. HUMPHREY. Mr. President, I ask unanimous consent to temporarily lay the pending amendment aside. I have discussed this matter with the Senator from Louisiana, as well.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. I call up my amendment identified as "6-29-59—B." The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

Mr. HUMPHREY. Mr. President, it is not necessary to have it read. To save the time of the Senate, I ask unanimous consent to have it printed in the RECORD, and I shall then proceed to explain it.

The PRESIDING OFFICER. Without objection, the amendment will be printed, but not read.

The amendment offered by Mr. HUMPHREY is as follows:

At the end of the bill, add a new section as follows:

"SEC. 605. UNITED STATES PARTICIPATION IN WORLD REFUGEE YEAR.—There is authorized to be appropriated the sum of \$10,000,000, to remain available until expended, for United States participation in World Refugee Year. Such sum shall be available for allocation by the President for assistance, either directly or through intergovernmental organizations or agencies, to the various refugee groups, and shall be used primarily in furtherance of permanent solutions of the problems of such groups and in alleviating their urgent emergency needs."

Mr. HUMPHREY. Mr. President, my amendment to the mutual security bill—6-29-59—B—is to authorize \$10 million to be used at the President's discretion for Federal participation in the World Refugee Year, which began in this country July 1.

As we enter into this historic humanitarian venture, I regret to say that the administration has not yet come forward with an adequate program for our participation in World Refugee Year. In the absence of such a program, I bring this amendment before the Senate in the hope that we will take positive steps to start out on the right foot in World Refugee Year.

This amendment would authorize the appropriation of \$10 million to be used at the President's discretion during World Refugee Year for assistance, either directly or through intergovernmental organizations or agencies, to the various refugee groups, in furtherance of permanent solutions of the refugee problem.

This amendment is appropriate at this time and germane to the nonmilitary aspects of the mutual security bill, because the refugee problem constitutes a grave threat to the peace in many sectors of the world and to the security of many free nations.

I propose that this \$10 million could be used in the following manner to make a significant contribution to the solution of this problem. The figures I use are merely illustrative. The \$10 million for particular programs and projects would, of course, be left to the President's discretion.

First. Two million dollars to provide housing, vocational training, business loans, facilities for the aged and infirm, and staff counselors for the 32,000 refugees in European camps, including the 19,000 under the United Nations High Commissioner for Refugees camp clearance program in Europe.

Second, \$2 million to provide vocational training and self-support grants for approximately 1 million Arab refugees in Egypt, Lebanon, Syria, and Jordan.

Third, \$2 million to provide supplementary food, medical supplies, educational and recreational facilities, loans, housing and schools for some 900,000 Chinese refugees in Hong Kong.

Fourth, \$1.5 million to provide housing, care and maintenance, medical assistance, loans, and resettlement assistance for 130,000 out-of-camp refugees in Austria, Belgium, France, Germany, Greece, Italy, the Netherlands, Turkey, and the Middle East.

Fifth, \$1 million to provide more food, clothing, bedding, soap, and medical

supplies for Algerian refugees in Tunisia and Morocco.

Sixth, \$500,000 for the emergency transportation and in-transit care and maintenance of refugees of European origin who wish to leave China and resettle abroad.

Seventh, \$1 million to be allocated for special purposes among other refugees, including those in Nepal and India, Macao, Thailand, Vietnam and Laos, refugees from Egypt, and for special grants as required for overseas resettlement and contingency purposes.

I do not intend to create a scare over this matter, neither do I insist on a crash program of any kind. However, I sincerely feel that we are obliged to do more for the unfortunates of the world, and I believe there is no better time to start than now. We have either overlooked or neglected altogether too many opportunities to thwart misery, poverty and Communist intimidation. My main concern is that we avail ourselves of these opportunities when and where we can.

I submit that through my amendment we will not only strike a blow to the scheming and propagandistic efforts of the Soviet Union, but we will also do justice to ourselves and the rest of the free world, and we will magnify in the eyes of the world the essence of democracy.

Mr. President, I am indeed happy to point out at this time that the proposal embodied in this amendment has the support of the U.S. Committee for Refugees.

This committee is an independent citizens group concerned with the appalling human sorrow represented by the millions of refugees in the free world and with the serious humanitarian and economic implications of unsolved refugee problems for the United States. Established in the fall and winter of 1958, this committee, led by the Very Reverend Francis B. Sayre, dean of the Washington Cathedral, writer, and humanitarian, has undertaken the following tasks:

To inform the public about world refugee issues; to consult regularly with Government leaders and United Nations officials; to stimulate research on refugee problems; to work closely with American voluntary agencies in the refugee field; and to further American participation in World Refugee Year.

Secondly, this committee is recognized in Federal officialdom as a foremost authority on refugees and as an agent responsible for consulting with the administration on the development of plans for U.S. participation in World Refugee Year.

I must say, however, that the State Department has only taken meager action on the proposals submitted by this committee. Indeed, the only plans developed by the administration for Federal participation in this humanitarian venture is to contribute an amount of \$4 million which will come from the President's contingency funds for fiscal 1959 and fiscal 1960.

Even if this develops, it will, at best, be only a token effort. In effect, such a

token effort for such an erstwhile project as World Refugee Year, would be an affront to our traditional principles of humanity, sympathy, and interest in the welfare of mankind.

Ten million dollars should be a minimum contribution to this program, yet it would be a realistic contribution, one very much in tune with our previous efforts and in gear with the pressing needs generated by the refugee problem. We are spending billions of dollars for weapons and defense programs, and additional billions for the defenses and economies of our allies. Certainly we can make this moderate, nonmilitary effort in an attempt to maintain peace and tranquility. After all, these are among the objectives of our mutual security program.

The refugee problem is well documented in the annals of history and is deeply etched in the minds of those who have experienced being without homes or nations and those who at this very minute bear the scars of dispossession. The refugee problem is a clear warning that all is not right with the world and that man's inhumanity to man far overshadows his humanity.

I feel that it is altogether fitting and proper that we address ourselves to this problem today, not only because of World Refugee Year, but because seeking a solution to such a perplexing problem as that posed by the refugee situation is consistent with our traditional efforts to help those less fortunate than ourselves. This subject is also significant to us because we are everywhere and at all times seeking world peace and because the refugee problem often involves and underlies all other major problems of international life.

The refugee problem spans the eons of time and across the boundaries of nations. It stretches from the mass exodus of the children of Israel from Egypt to the recent exodus of Tibetans from Communist domination. And, even as I speak, hundreds of men, women, and children are joining the ranks of the dispossessed the world over. It is estimated that each year a million new refugees are created. They are living testimony of the fact that this is truly the century of the homeless, the uprooted, and the dispossessed.

Men of good will everywhere are challenged today to meet this problem head-on, to strive even more diligently for a solution. In doing this, we must avoid sham and ostentation because we are dealing with humanity—men, women and children who, through no fault of their own, are the orphans of the world. We accomplish nothing except perhaps an alienation of affection if we offer them a helping hand, extended only because of our moral guilt and sympathy. This is the essence of the administration's token proposal for World Refugee Year. Any effort we make must be sincere. It must go from our hearts to theirs, indicating our recognition of a common bond of fellowship.

I am indeed happy to say that we have made genuine efforts to either solve or ameliorate the refugee problem. I know these efforts will be continued. However, as long as the problem remains

with us, I must ask myself if we are doing enough. Does the situation warrant more? Indeed it does, and World Refugee Year is a medium through which we can make an increased contribution.

The United States has made substantial contributions to several refugee programs. We spent about \$45 million in fiscal 1959 supporting refugee activities in several areas of the world. We are supporting the United Nations Relief and Works Agency—UNRWA—which provides aid to Palestinian refugees and the program of the United Nations High Commissioner for Refugees—UNHCR—which aims to clear the remaining refugee camps in Europe.

We are also supporting the Intergovernmental Committee for European Migration—ICEM—as well as our own unilateral escapee program—USEP—making donations of surplus agricultural commodities to refugees, and providing for refugee immigration to the United States.

For the fiscal year beginning July 1, which coincides with World Refugee Year, the administration is requesting about \$43.6 million for its regular refugee programs which I have just enumerated. Although slightly less than the amount expended in fiscal 1959, this amount, I am informed, will enable us to continue refugee aid on roughly the same level. The cutback is reportedly due to the fact that the number of refugees is diminishing. I submit that while this is true, the overall refugee problem is no less acute and that what has been accomplished represents the easier part of the work. Still remaining are the so-called hard core refugees. These are the aged, the sick, and the afflicted.

Since we embrace the precepts of World Refugee Year, it is discouraging to note that we have not yet shaped our goals. It is also discouraging to note that during World Refugee Year, the administration is proposing cutbacks in certain areas of our regular refugee aid.

World Refugee Year is a golden opportunity for us to demonstrate democracy in action, to give new life and fervor to discontented souls which we know so well make fertile beds for the seeds of communism. What is more, this is a chance for us to come to grips with man's inhumanity to man.

This inhumanity is very dramatically presented in the fact that in the past 30 years some 150 million persons were uprooted from their homes and forced to seek a haven of refuge elsewhere. World War II alone produced some 40 million new refugees, about 15 million of whom are still unsettled.

Without the protection of a nation and without the basic essentials of life, these impoverished people find themselves always in a state of dependence and flux. The psychological and sociological as well as the political and economic implications of this kind of existence are staggering.

Mr. President, I am hopeful that this amendment will be adopted. By adopting it we will be making a meaningful contribution to the observance of World Refugee Year, and we will be indicating to the oppressed and the homeless

throughout the world the true humanitarian spirit of our great country, and our willingness to help our fellow men in their hour of need.

Mr. President, I have discussed the amendment with the Senator from Arkansas. In order to expedite action, I ask that he may make his comments on it.

Mr. FULBRIGHT. Mr. President, I have discussed the amendment with the Senator from Minnesota. I think it is a good amendment. I think the committee and I shall be glad to take it to conference, and I hope it will be adopted.

Mr. CASE of South Dakota. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield.

Mr. CASE of South Dakota. How embracing is the aid that would be made available? Would it go to the refugee problem in the Middle East?

Mr. HUMPHREY. Yes; in all areas.

Mr. CASE of South Dakota. Including the Middle East?

Mr. HUMPHREY. Yes. It is directed toward giving the President discretion to move in all areas, with funds made available in the bill to expedite action in an attempt to solve the refugee problem.

Mr. CASE of South Dakota. It is my opinion that the refugee problem where it exists is a festering sore. The more efforts we make to cure the problem, the more we will reduce the friction points where that problem exists.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. KEATING. I agree thoroughly with the remarks made by the distinguished Senator from South Dakota. The refugee problem is one of the most serious which we face. It is appropriate that we make provision for it, it seems to me. I am not wedded necessarily to the language of the distinguished Senator's amendment, but I think this is the time to make appropriate provision for assistance in the solution of the refugee problem, which is a worldwide problem, and in which it should be pointed out that up to date there are several countries which have done considerably more, percentage-wise, than has our own country. But our own country should certainly take its share of the burden in attempting to solve the heart-rending problems relating to those refugees, many of whom have been driven out of their own countries, many of whom have lived under tyranny, and who deserve our help in this problem.

Furthermore, it is definitely to the advantage of our country, in its standing with the other nations of the world, that it bear its share in the solution of the problem.

Mr. HUMPHREY. I thank the Senator. I know of his interest, and continuing interest, in the matter, which was expressed at a meeting I attended in New York, where both the message of the junior Senator from New York and of the senior Senator from New York were received with considerable acclaim.

Mr. JAVITS. I wish to identify myself with the Senator's position and to

support his amendment. It is World Refugee Year. We have always been successful when we have taken our fair share. That happened with regard to the displaced persons. I had the honor of being on the Displaced Persons Subcommittee of the Committee on Foreign Affairs of the other body in 1947. Every time good things have been done about refugees they have been done in this way.

I wish to say also, Mr. President, the 170,000 unsettled escapees from behind the Iron Curtain now in Europe represent one of the greatest opportunities we have in the cold-war struggle. If we resettle them, we give new hope for freedom to all other levels of people behind the Iron Curtain who also may have a taste for freedom. I hope very much the Senate will adopt the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have certain telegrams which I have received from many voluntary organizations engaged in the foreign service printed in the RECORD, along with a telegram from Mrs. Eleanor Roosevelt.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., July 2, 1959.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

Wholeheartedly support your amendment to the Mutual Security Act to authorize \$10 million appropriation for U. S. participation in World Refugee Year. Such action is within the spirit of the United Nations General Assembly resolution which established World Refugee Year and to which the United States gave its full support. The funds you seek to have appropriated could substantially alleviate the plight of many postwar refugees as well as recent escapees all of whom deserve the broadest possible assistance. I sincerely hope your amendment is adopted and that the appropriation will be made available.

ELEANOR ROOSEVELT.

NEW YORK, N.Y., July 2, 1959.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:

Your amendment to the Mutual Security Act of 1959 for the appropriation of \$10 million to be used by the President during World Refugee Year toward the permanent solution of the refugee problem is wholeheartedly endorsed and supported by CARE. This sum would be tangible evidence of the U. S. Government's concern for the plight of the refugees and its earnest desire to exercise its natural leadership in moving toward a permanent solution of the problem.

HAROLD S. MINER,
President, CARE.

PHILADELPHIA, PA., July 2, 1959.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:

We warmly support your amendment to mutual security bill authorizing the use of \$10 million for WRY to alleviate some of the pressing needs of refugees.

COLIN BELL,
Executive Secretary, AFSC.

NEW YORK, N.Y., July 2, 1959.

HON. HUBERT H. HUMPHREY,
U.S. Senate, Washington, D.C.:

Highly commend and support your humanitarian concern which moved you to offer an amendment to the mutual security program calling for an additional \$10 million appropriation for refugee work during World Refugee Year.

GEORGE M. BARAKAT,
Executive Director,
American Middle East Relief, Inc.

NEW YORK, N.Y., July 2, 1959.

HON. HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

In line with our traditional policy, the National Board of the Young Women's Christian Association of the U.S.A. supports your amendment to the Mutual Security bill authorizing the use of \$10 million to assist in the work with refugees. We believe that an increase in funds for special assistance to escapees and displaced persons is imperative, and that the amount you suggested represents the minimum which the United States should appropriate at this time.

LILACE REID BARNES,
President.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

The amendment was agreed to.

Mr. JAVITS. Mr. President, I ask unanimous consent that the pending amendment may be temporarily laid aside and that I may call up an amendment which I understand is acceptable to the chairman of the committee. It is not a vital matter, but it is a useful one.

I wish to say also, Mr. President, that I have consulted with the Senator from Louisiana [Mr. ELLENDER] and the amendment is agreeable to him, if his amendment may be laid aside temporarily so that my amendment may be considered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered. The amendment of the Senator from New York will be stated for the information of the Senate.

The CHIEF CLERK. On page 23, after line 4, it is proposed to insert the following:

(4) In subsection (c), delete the words "a study" following the words "shall conduct" and insert in lieu thereof "annual studies"; insert immediately before the period at the end of the first sentence the following: "and to the net position of the United States in its balance of trade with the rest of the world"; and in the final sentence delete the word "study" following "such" and insert in lieu thereof "studies".

Mr. JAVITS. Mr. President, we did adopt a provision in the Mutual Security Act of last year which provided for a study of the place of private enterprise in the foreign policy of the United States in respect to foreign private investment problems of trade and other various problems as they affect the domestic economy of the United States.

The House of Representatives amended the provision in its bill passed this year and provided for an annual study

of the same character, simply using the words "an annual study."

I was the author of the original amendment. I have given consideration to the matter further. I remind the Senate that this was the same technique we used for studying the problem of international travel, which resulted in an outstanding report, much legislation, and very important development of international travel.

I point out that after study of the amendment it is felt it is unnecessary to make an annual study, but that such studies as are appropriate to keep the data up to date are what is needed, and it is desirable also to have studied the balance-of-payments position of the United States, because of our outflow of gold, which is in a sense a new problem presented to our country.

My amendment, therefore, Mr. President, would conform with the desire of the House that this matter be kept under our view and be reported on from time to time, but it would not require an annual study, but only such studies as in the opinion of the affected Departments of State and Commerce are appropriate to keep the data up to date. It would also provide for a study of the question of the balance of trade of the United States with the rest of the world.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS].

Mr. FULBRIGHT. Mr. President, I have discussed this amendment with the Senator from New York. I think it is a good amendment, and I am perfectly willing to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment, offered by the Senator from New York [Mr. JAVITS], to the committee amendment.

The amendment to the amendment was agreed to.

Mr. HART. Mr. President, I ask unanimous consent that the pending amendment may be temporarily laid aside and that I may call up an amendment at the desk which relates to the adding of the word "abiding" in line 4 on page 11.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Michigan? The Chair hears none, and it is so ordered.

The amendment to the amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. In the committee amendment on page 11, line 4, after "the" and before "identity," insert the word "abiding".

Mr. HART. Mr. President, I have what is perhaps the smallest amendment which has ever been made in the Senate to such an important bill. However, the principle behind it goes to the heart of a most fundamental question which the Congress must resolve.

The distinguished chairman of the Senate Foreign Relations Committee in April of this year introduced certain amendments to the Mutual Security Act of 1959, which I was privileged to co-

sponsor. S. 1451, as reported by the committee, reflects the spirit and the content of these amendments so splendidly projected by the chairman.

I invite the attention of the Senate to the opening statement of the committee's report, which says:

The main purpose of the bill is to effect a major transformation in the mutual security program.

This major transformation places new emphasis on economic aid and on long-term financing for the Development Loan Fund. It recasts the statement of policy in a most fundamental fashion. The committee report states:

The new points added to the statement of policy by the committee are designed primarily to indicate the congressional view that programs of economic and political development are worthwhile in themselves, irrespective of the Communist threat, and that these programs reflect a mutuality of interest between the United States and the other peoples concerned. Such a statement, in the committee's judgment, will be helpful in clearing up some of the misunderstanding which surrounds the objectives of the mutual security program, both at home and abroad. The purpose is to give added emphasis to the program's positive aspects which are now frequently confused with its negative, anti-Communist aspects.

My amendment, Mr. President, which may seem trivial, is directed to reinforcing this concept of a positive, creative program. When the companion bill to S. 1451 reached the floor of the other body, it too had a policy statement which recognized "that the United States within the limits of its other obligations has an abiding interest in assisting the efforts of the people of the world to realize their aspirations for improved living standards, for education, for governments of their own choosing, and for dignity and respect as individual human beings." The word "abiding" was not in the bill when it came to the Senate. Failure to reinsert this one word would deny us the opportunity of saying to the world, "This we are doing not because it is the expedient thing to do; this we are doing not only because you are threatened with engulfment by communism; this we are doing because the United States recognizes its inherent, its abiding identity of interest in helping other peoples raise their standard of living, enjoy the benefits of self-government, and dignity among men."

My amendment, by inserting the word "abiding" before "identity of interest" would reaffirm this positive approach to the mutual security program which I believe is basic to the "major transformation" projected by the committee.

I continue to be a little appalled at some analysts who look at the world scene and see the free world spending itself into bankruptcy. I am unwilling to admit the stagnation of the free world. I do not fear an economic contest with the Soviet Union.

My amendment will cost nothing. But it will help convey a bigness of spirit which I believe must lie behind this program if it is to accomplish its purpose.

I urge adoption of the amendment.

Mr. FULBRIGHT. Mr. President, I have discussed this amendment with the

Senator from Michigan. It is an excellent amendment, and I am perfectly willing to accept the amendment and take it to conference.

Mr. HART. I thank the Senator very much.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. HART] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the pending amendment may be temporarily laid aside and that I may call up an amendment which I send to the desk.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and it is so ordered.

The amendment to the committee amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 20, before the period at the end of line 2, it is proposed to add a comma and the following: "in the same sentence, after the words 'foreign currencies' insert the words 'or the grant'."

And at the end of the section, add the following new sentences:

Surplus food commodities or products thereof made available for transfer under this Act (or any other Act) as a grant or as a sale for foreign currencies shall also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agriculture Act of 1949, as amended (7 U.S.C. 1431) or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c). Section 416 of the Agriculture Act of 1949, as amended (7 U.S.C. 1431) is amended by inserting "whether in private stocks or" after "commodities" the first time that word appears.

Mr. HUMPHREY. Mr. President, I offer an amendment to section 402 of the Mutual Security Act.

Section 402 earmarks a specified amount of the foreign aid funds to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States, and designates that the foreign currency proceeds accruing from such sales shall be used to further the purposes of the Mutual Security Act, with particular emphasis on the purposes set forth in a similar program under the Agricultural Trade and Development Act, popularly known as Public Law 480.

This amendment provides that the earmarked funds can be used for financing grants of surplus agricultural commodities as well as sales for foreign currencies. State Department favors the addition of authority to make grants of surplus agricultural commodities under section 402.

The remaining portion of this amendment simply declares the intent of Congress that surplus food commodities or products thereof made available either for grant or for sale for foreign currencies abroad under this section shall also be made available, to the maximum ex-

tent practicable, to eligible domestic recipients under already authorized relief feeding programs. In effect it says we are not going to ignore our own needy while providing assistance for hungry people abroad.

It does not authorize any additional funds for domestic relief purposes, as much as that might be desirable. It relates only to the designation of commodities that would be available under already existing authority and available funds for such domestic relief programs. It simply makes clear that commodities designated as eligible for sale or grant abroad as surplus, shall also be designated as available for these domestic programs.

These domestic programs are carried out under section 416 of the Agricultural Act of 1949 and section 32 of the act of August 24, 1935.

Other legislation is pending before the Senate Committee on Agriculture and Forestry designed to expand and put greater emphasis on these domestic programs for utilizing our surplus for humanitarian purposes. The amendment I now propose to the Mutual Security Act is merely designed to be consistent in our treatment of our own needy citizens with those of other countries, and to make sure the same surplus commodities are available for use in this country under whatever expansion of funds or authority the Congress may subsequently provide for these domestic programs.

Both the Departments of State and Agriculture have approved the language of this amendment as now presented, and I believe the chairman of the Senate Committee on Foreign Relations is willing to accept it.

The amendment is necessary because of a technical defect in existing law. It was brought to our attention, as I indicated on another day, by the distinguished Senator from Kentucky [Mr. COOPER].

Mr. FULBRIGHT. Mr. President, I have discussed this amendment with the Senator from Minnesota. I think it is a good amendment. It has now been perfected, as the Senator has related. I am perfectly willing to accept the amendment.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. KEATING. Do I correctly understand that this amendment is similar to what the Senator from Kentucky [Mr. COOPER] offered as a separate piece of proposed legislation?

Mr. HUMPHREY. The Senator pointed out in his testimony on his proposed legislation a technical difficulty which has been discussed with the departments.

Mr. KEATING. In order to correct the situation, the Senator proposed legislation with which I was identified as a cosponsor.

Mr. HUMPHREY. Yes.

Mr. KEATING. For the program to be effective, it is necessary that the amendment be made a part of this bill?

Mr. HUMPHREY. That is correct. It is necessary to add the amendment in order that the disposition of surplus com-

modities in the domestic area may be effective.

Mr. KEATING. I thank the Senator. The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

The amendment to the amendment was agreed to.

Mr. CURTIS. Mr. President, I shall vote against this mutual security bill, more frequently referred to as foreign aid. In taking this position I hold no malice toward any recipient country. I am willing to concede that with the expenditure of all these billions some good would have to be accomplished. I feel, however, that the injury to our country that will come from a continuation of this program outweighs the other considerations. My reasons for this position are:

First. There is no money in the till. This measure will have to be implemented by deficit financing. We have operated at a deficit in about 25 of the last 30 years. A continuation of such a fiscal policy just is not in the best interests of the country.

Second. These foreign aid programs were sold to the American people upon the promise that they would be temporary. It was specifically stated that by getting our allies on their feet it would prevent the United States from having to assume a permanent burden of supporting great portions of the world. Under Secretary Dillon's statement that foreign aid must go on for 25 or 30 years is definitely not in keeping with the idea that those programs were temporary.

Third. Foreign aid should be discontinued because it constitutes an artificial prop to our economy inconsistent with our free competitive system. Only last year a high Government official urged the continuation of foreign aid because it meant so many jobs. Such programs are in the boondoggling category.

Fourth. Our foreign aid programs have built up a permanent bureaucracy engaged in perpetuating themselves in foreign travel and playing Santa Claus.

Fifth. A huge foreign aid program, running into billions of dollars, makes it impossible to have economy at home and to inaugurate a fiscal program that will lead to debt reduction and a much needed reduction in taxes. We cannot have a program of spend and give away and loan abroad and a program of reduced spending and reduced debt and reduced taxes at home at the same time. I regard the latter as essential to the survival of our system and I, therefore, oppose this foreign-aid program.

REMARKS OF SENATOR KEFAUVER BEFORE FINAL PLENARY SESSION OF THE ATLANTIC CONGRESS

Mr. KEFAUVER. Mr. President, the Atlantic Congress, which was held in London the early part of this month, was a serious and useful meeting of citizens from 15 of the NATO countries.

Mr. President, I ask unanimous consent to have printed in the RECORD the address made by me at the plenary ses-

beginning of the session at the exact hour for which it had been set. Oftentimes there were very few who were there on the minute, and Root would scowl frankly at the few who were there. Really, he was scowling, in the second degree, at those who were not present.

Then came the day when the board members were present, and he was rather late in arriving. They smiled indulgently as he came in. He took his seat, rapped his gavel, and apologized for being tardy. He remarked, "As I was coming up the long hill to the college today, I began to take stock of my shortcomings, and I must admit to all of you that it took much more time than I had anticipated."

So there are, my colleagues, these shortcomings which we must admit in the pursuit of peace.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield to my friend from New York.

Mr. KEATING. I simply was going to correct the record on behalf of my colleague from New Jersey. He was to speak today at the forum at Colgate University. I know they regret not having had the benefit of hearing him, although his speech was read, as I understand. It is my pleasure to listen to my distinguished friend from West Virginia, but I plan to take a 7:20 a.m. plane tomorrow morning, provided the Senate has finished by that time. [Laughter.]

Mr. RANDOLPH. The Senator has no real doubt?

Mr. KEATING. No, I have no real doubt.

If this session has adjourned in time for me to catch the plane—and I shall certainly stay here, because I want to hear the Senator—I shall be at the same forum, although I likewise have sent a speech on ahead to be read, as did my dear friend from New Jersey.

While I am on my feet, I want to commend the Senator from West Virginia for his address this evening and for focusing our attention on what is so important and what should be our aim in all our considerations here—the achievement, insofar as this body can have a hand in it, of world peace; and the proper way to do that, it seems to me, is by maintaining a strong America, as I know my friend from West Virginia believes.

Mr. RANDOLPH. I am very appreciative of the remarks of the able Senator and of the references the Senator has directed our attention to this evening.

I have occupied, of course, much less than 1 hour, perhaps only 30 or 40 minutes, but that may be too long. A few months ago I had delivered a banquet speech. Mrs. Randolph and I were driving home after that address. I think it is factual to say we were driving in stony silence. I presume some of my colleagues have driven that way with their wives toward their residence. [Laughter.] I thought there would be a commendation for the talk I had given. There was not. I turned to her and asked, "How did I do this evening?" and

she fittingly replied, "Very well, except you missed several excellent opportunities to sit down." [Laughter.] So I shall not stand too much longer.

Mr. KEATING. I hope my friend does not misunderstand me. I benefit from every word he says, and I am sure that, no matter how long he continues, I will still remain.

Mr. RANDOLPH. I thank the Senator. I understand.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield to my beloved colleague from Wisconsin.

Mr. WILEY. I want to thank the Senator from West Virginia for revitalizing in me a dream I had some years ago. I also wish to say I have experienced tonight a real sort of pickup. I heard the discussion between the Senator from West Virginia and the Senator from Minnesota, and I began to realize that perhaps there is such a thing as a thing of the spirit that exists among Senators. Ordinarily in the daytime we do not see any demonstration of it, but tonight we have seen it. There is a reaching out.

After all, perhaps what we have seen tonight is a symbol of the exploratory age in which we are living. We have explored in every other direction. Now let us explore in the direction of seeing if there is not a way to find what has been talked about—peace in the hearts and minds and souls of humanity. I take it that is what a Department for Peace would do. Again I want to thank the Senator for a very interesting talk, which has been inspirational in the extreme. It has given me what someone has called a spiritual cocktail. I feel it has lifted me up and has said to me, "There is still hope for the U.S. Senate."

Mr. RANDOLPH. The Senator from Wisconsin is very considerate.

Mr. President, I shall soon reach a conclusion. I was just thinking how important it is that we remember, perhaps, to smile and spin a story. Sometimes we take ourselves too seriously as individual Senators, but certainly we cannot fail to take seriously this job which is before us of searching for a path we can follow toward a fruitful peace.

I tell this story, and then conclude with a final thought. A certain professor was grading examination papers, and a student of the faculty member a quarter century before stopped by to pay his respects. He looked over the shoulder of his old "Prof." and explained, "Well, you are asking the same questions now that you asked me 25 years ago when I was a student in your class." The professor said, "Yes, I am asking the same questions." The former student asked, "Aren't you afraid the students will pass on the answers to the students who follow them?" And the professor smiled and observed, "No, I ask the same questions every year; I just change the answers." [Laughter.]

These old problems are with us. These age-old problems in the quest for understanding, for a solution to tragic conditions in the world, cry out for us to summon the best that is within us to achieve

a just and a lasting peace. Oh, my legislators, would that we might do an enduring job.

To my colleagues in the Chamber and to our guests in the gallery, let us remember that on the frontispiece of the Bulletin of the Atomic Scientists is the design of a clock, with the hands standing at 2 minutes till midnight. Only by new and creative efforts will we forestall the midnight of mankind.

I ask that my bill for the establishment of an executive Department of Peace be appropriately referred and printed in the RECORD at the close of these remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2332) to establish an executive department to be known as the Department of Peace, introduced by Mr. RANDOLPH, was received, read twice by its title, referred to the Committee on Government Operations, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

ESTABLISHMENT OF DEPARTMENT

SECTION 1. (a) There is hereby established an executive department of the Government to be known as the Department of Peace (hereinafter referred to as the "Department"), at the head of which shall be a Secretary of Peace (hereinafter referred to as the "Secretary"), who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate provided by law for heads of the executive departments.

(b) There shall be in the Department an Under Secretary of Peace who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate provided by law for under secretaries (other than the Under Secretary of the Department of State). The Under Secretary shall act as Secretary during the absence or disability of the Secretary or in the event of a vacancy in the office of Secretary, and shall perform such duties as may be prescribed by the Secretary or by law.

PROVISIONS OF LAW APPLICABLE TO THE DEPARTMENT

SEC. 2. Except to the extent inconsistent with this Act, all provisions of law applicable to the executive departments generally shall apply to the Department.

SEAL

SEC. 3. The Secretary shall cause a seal of office to be made for the Department, of such design as the President shall approve, and judicial notice shall be taken thereof.

FUNCTIONS OF SECRETARY

SEC. 4. The Secretary shall—

- (1) formulate and publicize educational programs for promoting better understanding of other peoples of the world and of the fundamental principles of international relations and of cooperation among nations;
- (2) encourage the interchange of ideas and of persons between (A) colleges, churches, civic organizations, and other institutions, organizations, and groups in the United States, and (B) other similar institutions, organizations, and groups in other countries; and
- (3) assist educational institutions and religious organizations in the United States in formulating educational programs dealing

with international relations, international cooperation and the problems of peace.

DELEGATION OF AUTHORITY

SEC. 5. The Secretary may, without being relieved of his responsibility therefor, and unless prohibited by some specific provision of law, perform any function vested in him through or with the aid of such officials or organizational entities of the Department as he may designate.

EXPENDITURES AUTHORIZED

SEC. 6. The Secretary is authorized to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for lawbooks, books of reference and periodicals, and for printing and binding) as may be necessary to carry out the provisions of this Act, and as may be provided for by the Congress from time to time.

REPORTS TO CONGRESS

SEC. 7. The Secretary shall make at the close of each fiscal year a report in writing to Congress giving an account of all moneys received and disbursed by him and the Department, describing the work done by the Department, and making such recommendations as he shall deem necessary for the effective performance of the duties and purposes of the Department.

AMENDMENT

SEC. 8. Section 158 of the Revised Statutes of the United States, as amended (5 U.S.C. 1), is amended by inserting at the end thereof the following:

"Eleventh: The Department of Peace."

APPROPRIATIONS AUTHORIZED

SEC. 9. There are authorized to be appropriated such sums as may be necessary to enable the Department to carry out the provisions of this Act and to perform any other duties which may be imposed upon it by law.

EXHIBIT 1

OF NUCLEAR ARMS

VATICAN CITY, July 2.—Pope John XXIII appealed today to the leaders of rival nations to try every approach for peace because a war with nuclear weapons would destroy victor and vanquished alike.

The 77-year-old head of the Roman Catholic Church also appealed for Christians to reunite. He urged the press, movies, and television to counteract what he called a spreading tendency toward falsehood and immorality.

"Truth, unity, and peace" were the subjects of the pontiff's first encyclical letter to the bishops of his church since his coronation 8 months ago.

The encyclical began with the words "Ad Petri cathedram"—"near Peter's chair." It was dated June 29, feast day of St. Peter, and was released for publication today.

WARNS OF CRISIS

The pontiff warned that if nations do not aim at fraternal unity which must rest on the precepts of justice and be nourished by charity, conditions of gravest crisis remain.

"As a result all prudent men complain and grieve that it seems to be uncertain whether the same events are moving toward the establishing of a solid, true, and genuine peace, or are slipping in complete blindness toward a new and frightful warlike configuration.

"We say in complete blindness: For if—which God prevent—a new war breaks out, nothing else will await or confront all peoples (such are the dreadful armaments which our age brings into play) but appalling destruction and ruin, and this, whether they are victor or vanquished.

"We therefore ask all, and statesmen in particular, that they ponder these matters prudently and earnestly before God the

Judge, and, as a result, with genuine good will, be ready to try every approach which may lead to the essential unity. This harmony and unity, by which alone, we say, the joint prosperity of nations will undoubtedly be increased, will be able to be restored only when minds are at peace and the rights of all recognized, and due freedom shine forth for the church, for peoples, and for the individual citizen."

MEN CREATED AS BROTHERS

The Pope urged the leaders of nations to remember that God created men not as enemies but as brothers.

He warned repeatedly and in plain language of the ruin which will result if the fires of discord are set ablaze again in a world which he said already has seen too much of war.

"Why * * * prepare death-dealing weapons against our brother?" he asked. "Already there has been enough strife among men. * * * Already too many cemeteries of those fallen in war cover the earth's surface and solemnly warn that all should be, at long last, unity and a just peace."

In the first section the pontiff wrote of the search for truth. He referred specifically to the responsibilities of the press, the movies, and television.

The pontiff wrote in the second part of unity in the desire for peace on the part of mankind, peoples, and social classes.

MENTIONS ECUMENICAL COUNCIL

In the third section he mentioned the ecumenical (universal) council of the Roman Catholic Church which he has called. He said this council would contribute to the unity of the church.

The Pope said the Roman Catholic Church is the father house of all Christianity and that its doors are open for all to reenter.

Of the responsibilities of writers and the press, the Pope said:

"Those who deliberately and wantonly attack the known truth, and in their speech, writing, and action employ the weapons of falsehood in order to attract and win over uneducated people, to mould the inexperienced and impressionable minds of the young and fashion them to their own way of thought, certainly are abusing the ignorance and innocence of others, and engaging in a practice wholly to be condemned.

"In a special manner, then, we are compelled to exhort to a careful, exact and prudent exposition of the truth, those who by means of books, reviews, and daily papers, so abundant at the present time, make such a great contribution to the teaching and training of the minds of their fellow citizens, especially the young, and to the moulding of their opinions and the regulating of their habits. These same men are gravely bound in duty not to disseminate lies, error, obscenity, but only the truth, and in particular to publicize that which leads, not to vice, but to good and virtuous practices."

WARNS ON NEW ARTS

Turning to radio, motion pictures and television, the Pope declared:

"Granted that from these there can arise inspiration and encouragement to what is good and honorable and in accord with Christian virtue: Yet often, alas, they can be the source of enticement to loose morals, to disorderly life, to the snares of error and treacherous vices, especially in the minds of the young.

"Against broadcasts, motion pictures and television shows which incite to error or the attraction of vice, must be projected those which uphold truth and strive to preserve wholesome morality. In this way, these new arts which have so much power for harm, may be turned to the salvation and benefit of mankind and linked with honest pleasure, and provide a remedy from the very source whence the evil poison so often is supplied."

The 77-year-old head of the Roman Catholic Church wrote that once "truth is grasped in its fullness * * * the idea of unity ought to permeate minds and hearts and actions.

URGES LOVE OF TRUTH

"For all discord, disagreement and disputes have their origin in this source, namely, the truth not known or, what is worse, the truth examined and understood but rejected either for the sake of advantages and benefits * * * or on account of that perverted blindness by which men too easily seek justification for their vices and evil deeds.

"A sincere love of truth, then," the Pope continued, "is essential for all, whether private citizens or those who hold the destinies of nations in their hands, if they wish to attain that harmony and peace from which can arise true prosperity, whether of individuals or of whole peoples."

The Pope said that only if men "are eager for peace, as they ought, and not for war" can the whole human family obtain its "desired unity."

"Those who oppress others, who deprive them of rightful liberty, undoubtedly can contribute nothing to this unity."

The Pope did not mention individuals or nations by name. But in recent days he has attacked Communist nations for depriving their citizens of individual freedom.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. MORSE obtained the floor.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, earlier today, in the discussion of the amendment relating to the availability of information from the International Cooperation Administration to the Members of Congress and to the appropriate committees of the Congress, I referred to my amendment "6-29-59-C."

I ask unanimous consent to have the text of that amendment printed in the RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 26, between lines 21 and 22, insert the following:

"(g) Amend section 534, which relates to reports to the Congress, by inserting '(a)' immediately after 'Reports.—' and by adding at the end thereof the following:

"(b) All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration, upon request of the General Accounting Office or such committee or subcommittee as the case may be."

"Reletter (g) to (j) inclusive as (h) to (k), respectively."

Mr. HUMPHREY. Mr. President, the reason I make this request is that during the colloquy and discussion of the amendment which was offered by the Senator from Virginia [Mr. ROBERTSON] which contained identical language to

the amendment of the senior Senator from Minnesota—and I joined with the Senator from Virginia in that effort—I had intended to include in the RECORD certain material relating to questions and answers as to the effect of the amendment. For example, one of the charges made is that the requirement for all papers would be unconstitutional, because it would disrupt the separation of powers between the executive and the legislative branches. The answer is given.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the charges and answers which should have been presented at the time the amendment was voted upon.

There being no objection, the charges and answers were ordered to be printed in the Record, as follows:

Charge: This requirement for all papers would be unconstitutional, because it disrupts the separation of powers between the executive and the legislative branches. (Or, put another way, the separation of powers is constitutional support for an "executive privilege" against the Congress.)

Answer: The Supreme Court has never ruled on this constitutional question of "executive privilege." Let me quote from an extensive legal analysis of the question made a few years ago by the staff of the House Government Operations Committee:

"The judiciary has never specifically ruled on the direct problem involved in a refusal by Federal agencies to furnish information to the Congress."¹

This means that claims of an "executive privilege" to refuse to provide Congress with information have no legal base. This is the conclusion of that study:

"Refusals by the President and heads of departments to furnish information to the Congress are not constitutional law. They represent a mere naked claim of privilege."

Such unsupported claims of a "privilege" to withhold information cannot stand against the clear right of Congress to obtain information necessary for performing its legislative functions. In *McGrain v. Daugherty*, the Court made Congress' general "right to know" very clear:

"We are of the opinion that the power of inquiry—with process to enforce it—is an essential and appropriate auxiliary to the legislative function * * *. A legislative body cannot legislate wisely or effectively in the absence of information respecting the conditions which the legislation is intended to affect or change; and where the legislative body does not itself possess the requisite information—which not infrequently is true—recourse must be had to others who do possess it."

The separation of powers means simply that each branch is limited to performing its constitutional functions; and there can be no question that obtaining information is a function of the legislative branch.

A very suggestive precedent is to be found in the Senate in 1886, in a report of the Judiciary Committee:

"It is believed that there is no instance of civilized governments having bodies representative of the people or of States in which the right and power of those representative bodies to obtain in one form or another complete information as to every paper and transaction in any of the execu-

tive departments thereof does not exist, even though such papers might relate to what is ordinarily an executive function."

When Congress, as part of its legitimate legislative functions, needs information, it is clearly entitled to it. If Congress is to authorize funds for ICA, it must know how ICA is spending them.

Much of volume 8 of Wigmore "On Evidence"—John Henry Wigmore, the dean of American law on this subject—is a demolition, of this whole concept of executive privilege.

The Supreme Court in *Reynolds v. United States* (1952) very clearly rejected a broad claim of executive privilege. It declined to consider the broad question involved, deciding instead on narrow, technical grounds. Nevertheless, it is important to note that the Court insisted that claims by the executive do not determine the question. The Court, it held categorically, and not the executive, is the arbiter of this question:

"Judicial control over the evidence in a case cannot be abdicated to the caprice of executive officers."

If the separation of powers is to teach us anything, it is that the right of Congress to needed information from the executive branch is essential to the functioning of the system. An article in last month's issue of the American Bar Association Journal (Bernard Schwartz, professor of law at New York University) points this out clearly:

"The absence of close rapport between the legislative and executive branches in this country, comparable to those which exist under a parliamentary system, and the non-existence in the Congress of an institution such as the British question period, have perforce made reliance by the Congress upon its right to obtain information from the executive essential if it is intelligently to perform its legislative tasks."

The separation of powers makes full information essential to Congress. There is no legal basis for executive privilege. It is turning the Constitution upside down to argue that Congress has no right to information except when the executive deigns to release it.

Mr. HUMPHREY. I thank the Senator from Oregon for his courtesy.

Mr. MORSE. Mr. President, I yield to the Senator from Illinois, who, I understand, wants to ask the Senator from Minnesota and the Senator from Oregon some questions about the pending bill.

Mr. DOUGLAS. Mr. President, earlier in the day I inquired whether there was a possibility that existing accumulations of local currencies could be used not for constructive works inside various countries but to write down some of the internally held debts of these countries. The Senator from Arkansas replied that such use was contrary to existing law. I gave no further thought to the subject.

I have since conversed with some members of the Committee on Foreign Relations, and they have informed me that according to their memories and their judgment, which they admit is imperfect, while such use is contrary to existing law there may be such authorizations in the bill pending before the Senate.

This is a complicated bill, and it is hard to find the specific language, so the question which I should like to address to the Senator from Minnesota and to the Senator from Oregon, both of whom are distinguished members of the Committee on Foreign Relations, is this:

Is there language at present included in the measure pending before the Senate which would permit accumulated local currencies to be used not for constructive internal purposes, but to write down and to absorb the internal debt of other countries?

Mr. HUMPHREY. May I reply to the Senator?

Mr. DOUGLAS. Yes.

Mr. HUMPHREY. My understanding, as a result of the debate in the Senate Committee on Foreign Relations over this matter, is that this type of activity was to be stopped. As a matter of fact, it had been done before in the instances, I believe, of Greece and of Norway.

The Under Secretary of State, Mr. Dillon, testified with respect to the administration desire to have the authority to continue the practice. At that particular point the distinguished Senator from Louisiana [Mr. Long] took very sharp exception to the attitudes and position expressed by Mr. Dillon. There was, as my colleagues will recall, a rather extended discussion, and also a very well presented statement by the Senator from Louisiana.

I have been looking through the report on the bill. The Senator asked me recently, both in private and in this public forum, about this matter. I do not find any explicit language which authorizes anything over and beyond what we presently have. My recollection is that the committee report made an endeavor to develop legislative history which would frown upon this procedure; in other words, to ask that it not be continued.

Mr. DOUGLAS. Is there, either in the existing law or in the proposed bill, a cast-iron prohibition against such a thing?

Mr. HUMPHREY. There is not. I am sure of that. It seems to me that someone—perhaps the Senator from Illinois, because of his expressed interest in the subject—would be well advised to have the legislative counsel, or his own legislative assistant, or himself, develop language which would apply such a prohibition.

Mr. DOUGLAS. The Senator from Illinois does not have much luck in getting his amendments approved by the Senate. I think the Senator from Minnesota would have much better chances of success. If the Senator from Minnesota is agreeable, I hope he will take this suggestion under his wing.

Mr. HUMPHREY. I would be more than happy to work with the Senator from Illinois on this matter. Because of some of the good offices of the distinguished Senator from Oregon, in his conference with the majority leader, we are not going to be compelled to vote on these matters tonight, or tomorrow, or even as of Monday. If there is a weakness in the bill, about which the Senator has some fear, let us prepare language which will plug the hole, and then bring it before the Senate for discussion, debate, and decision.

Mr. DOUGLAS. I thank the Senator from Minnesota.

I desire to make a few remarks for the RECORD on this very point. I under-

¹ "The Right of Congress To Obtain Information From the Executive and From Other Agencies of the Federal Government," study by the staff, May 3, 1956, printed for the use of the Committee on Government Operations.

stand that Mr. Dillon uses as an excuse for his desire to use these locally accumulated currencies the claim that if the currencies were spent for roads, for hospitals, for schools, for public buildings, for dams, for constructive works, and so forth, they would contribute to inflation.

Mr. HUMPHREY. That is the argument. I do not subscribe to it.

Mr. DOUGLAS. I will say this might be true if all labor were already employed and to utilize the currencies would mean the hiring away of existing labor from other tasks, which would result in an upward bidding of wage rates.

Mr. HUMPHREY. Yes.

Mr. DOUGLAS. But these local currencies exist in large part in the so-called underdeveloped countries of the world, and anyone who has traveled in those areas knows that the greatest unutilized resource is time. If one goes to the countries of southern and eastern Europe one finds large numbers of people idle a large portion of the day and a large portion of the week. There are also available raw materials, for example, there is plenty of sand. To utilize idle labor on work which otherwise would not be carried on, in the making of cement, concrete, and so forth, which would also use local raw materials, would not cause inflation, because it would be creating goods at the same time the currency was being expended.

The quantitative theory of money holds true only if there is a greater increase in the quantity of money than there is in the quantity of goods. If one can offset the increase in the quantity of money by a proportional increase in the quantity of goods, no inflation results.

Very frankly, I think the position of the State Department on this point is extremely unsound. What they will do if they carry out such a procedure, will be to deny to the backward areas of the world a chance to utilize idle labor for constructive purposes.

I will also say that when the State Department uses local currencies to retire the internally public debt held by individuals in these countries it is necessary to consider who is being helped. Those who are being helped are those who own the public debt in these countries, and those people are almost without exception the well-to-do classes of the community.

If this proposal is carried out it will be a means of enriching a relatively small group of people and denying to those in the backward areas a chance for hospitals, for school, for roads, for decent housing, and for all the other things which are needed.

If this is true, it is an indictment of the State Department. I voted for the confirmation of the nomination of Mr. Dillon, in spite of the speech of the Senator from Louisiana, which I thought was excellent, because I think on the whole, Mr. Dillon is a good man. However, we have had too much callous indifference by the State Department and by the ICA with regard to the real needs of the people.

Mr. HUMPHREY and Mr. KEATING addressed the Chair.

Mr. DOUGLAS. I yield to the Senator from Minnesota.

Mr. HUMPHREY. First of all, I say to the Senator that I fully concur with his expressions about the importance of utilizing these soft currencies and these accumulated counterpart funds in soft currencies for constructive works projects. They can be used that way.

I have had an opportunity to consult with our very able staff member, Mr. Holt, who has been a tower of strength, along with other members of the staff, in preparing the bill. I know that I speak for other members of the committee when I say that.

In the committee print entitled "Legislation on Foreign Relations, With Explanatory Notes, Committee on Foreign Relations, United States Senate," of the 1st Session, 86th Congress, under section 516 of the Mutual Security Act, the language reads as follows:

Prohibition against debt retirement—

Mr. DOUGLAS. That was read earlier in the evening. The question is not whether that is the existing statute. Apparently it is; but is there a loosening of that language in the bill before us?

Mr. HUMPHREY. I have been assured by a staff of integrity that there is no loosening in the bill. There is nothing in the bill that tends to do so. However, a proposal was made by an administration witness to have an amendment to section 516, so as to permit local currencies to be used for debt retirement. It was then that the Senator from Louisiana [Mr. Long], along with several of his colleagues, took off in a rather extended flight—not into outer space, but into the State Department; and after considerable discussion the request of the administration was soundly rejected, as I recall. The amendment was not adopted. The language of section 516 remains intact.

This section, by the way, was placed in the bill about 4 or 5 years ago, after there had been some experience with debt retirement with soft currency. Congress decided that that should not take place any longer. Therefore section 516 was added.

Mr. DOUGLAS. I do not wish to be too condemnatory in my language, but I have come to suspect the general policy of the State Department, in all its dealings with Congress, and to believe that if it can subvert the will of Congress it will do so to fulfill its own desires.

Now that we are making legislative history, am I to understand that there is no language in the present bill which could be used to write down the internal debts of those countries?

Mr. HUMPHREY. I notice the present of Dr. Marcy, staff director of the Foreign Relations Committee. Dr. Marcy, Mr. Holt, and others who work with us on these technical problems assure me, by a nod of the head, as well as by the spoken word, whispered though it may be, that there is nothing in the bill which weakens the provisions of section 516, and that the effort of the administration to offer such an amend-

ment was rejected, not only by vote, but with vigor, vitality, and enthusiasm.

Mr. DOUGLAS. I am greatly reassured. But I hope the committee will scrutinize the entire record, because I have noticed that when the State Department is balked in one way, it generally tries, by subterfuge, to gain its end by another method. I do not think it has much respect for the Congress or for the Senate. In general members of that department wish to do things according to their own will.

Mr. HUMPHREY. We have our political Spartans at the Pass of Thermopylae, and no State Department subterfuge has been able to pass through there—at least in this instance.

The statement of the distinguished Senator from Illinois being as clear and unmistakable as it is in its meaning and intent, I am sure that every member of the Foreign Relations Committee is on guard—I know that the staff is on guard. I suggest now that if there is any doubt about it, inasmuch as members of the Foreign Relations Committee staff are present, and two members of the committee, the Senator from Oregon [Mr. Morse] and I are present, we will make it our business, between now and Tuesday, when the amendments relating to the bill will be called up and voted upon, to bring to the Senator from Illinois a clear statement, and examine the Record meticulously. If there is any need for any tightening, I shall be more than happy to join in such an amendment, and do my best to accomplish it.

Mr. DOUGLAS. I appreciate the statement of the Senator from Minnesota. I hope that if any such statement is prepared, it will be made a part of the Record, and will be binding upon the State Department.

I may say, parenthetically, that I have always supported the foreign aid program with great political risk to myself, but I am becoming more and more impatient with the incompetence of the State Department; and more and more fed up with the way they protect incompetents or worse, I am distressed by the way the program has been administered in Southeast Asia, and with the general disregard of the people whom, presumably, the foreign aid program is designed to serve.

I have been reluctant to believe that the book entitled "The Ugly American" is a true representation of our Foreign Service and of the ICA but as instances pile up, and as testimony comes in from friends of mine who travel in those areas, I have come to believe that it is a fairly typical picture of the operations of the ICA under the Eisenhower administration.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. DOUGLAS. I wish to continue.

When the foreign aid program began, I think it was peopled by devoted servants. Mr. Paul Hoffman recruited a group of excellent public servants, most of them Republicans. As a matter of fact, it was said that one could not get a job there unless one raised his right hand and swore, "I am not now, and

never have been, a member of the Democratic Party."

In the main they were good people. When the technical assistance program was put through, and the county agents began to go out, they also were good and dedicated people.

Then the Eisenhower administration came in, and Harold Stassen was made chief. He worked hard, but the first thing he tried to do was to purge all the people who had worked devotedly under the Foreign Aid Administration. He purged a great number, and political clearance was required by those who took their places. I think Stassen was devoted to the program, but highly political in the way he operated it. He got out, for various reasons.

He was succeeded by Mr. Hollister, who was an enemy of the program. He did not believe in it. He tried to gut it. He got out.

He was succeeded by Mr. Smith, who was a decent fellow, but he found it too rough going, and he got out.

Now we have a man by the name of Riddleberger, a foreign service officer, and probably a very decent fellow.

Mr. HUMPHREY. He is a very fine man.

Mr. DOUGLAS. The friends of the program are disgusted with the administration which has been carried out. The record in Laos smells to high heaven. I have just been reading tonight the final report of the House Committee on Government Operations. It is apparent that at least two-thirds of the defense support never got to the people in Laos, but was intercepted by the middlemen who manipulated the foreign exchange, and the man who was about to expose the situation was railroaded out of Laos. The officials who stood by and let him be railroaded—I do not say that they were accomplices—have just been rewarded with promotions. I understand that what happened in Laos happened in nearly all the southeastern countries. Is that true?

Mr. HUMPHREY. I stated earlier this afternoon that while there have been gross abuses—

Mr. KEATING. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. MORSE. I intend to yield shortly to the Senator from New York, but I thought I would extend that courtesy to the Senator from Illinois first.

Mr. DOUGLAS. Does the Senator from New York wish to call for the regular order?

Mr. MORSE. I assure the Senator from New York that I will yield to him.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Minnesota.

Mr. HUMPHREY. While the program in Laos was badly administered, and was shot with corruption, and was indefensible in terms of administration, corrective measures have been taken. Corrective measures have been taken in the Lao Government itself, and in the ICA administration.

I ask the Senator to turn to page 55 of the hearings. It appears from that page that I was engaged in discussion with Mr. Dillon on the subject of supervision of the ICA program, and who took care of its mistakes. I insisted on the evaluation studies, which have become privy-secret, classified, with the administration.

Mr. DOUGLAS. And which were denied to the committee.

Mr. HUMPHREY. Yes.

Mr. DOUGLAS. We authorize the money, but they refuse to submit their internal audits to us.

Mr. HUMPHREY. Yes.

Mr. DOUGLAS. They also refuse to submit those audits to the General Accounting Office.

Mr. HUMPHREY. We have taken care of that by an amendment this afternoon.

Mr. DOUGLAS. Does the Senator think the State Department will obey?

Mr. HUMPHREY. We will try to correct the situation. I hope they will.

Mr. KEATING. Mr. President, will the distinguished Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. KEATING. May I inquire of the distinguished Senator from Minnesota, who has made a contribution to this discussion, the date upon which the provision referred to was written into the law, denying the use of counterpart funds for paying off debts in a benefited country?

Mr. HUMPHREY. It was 1954 and 1955, if I am not mistaken. Perhaps it was earlier. I am informed that it was about 1952, because the name was "Mutual Security." In 1953, the name was changed to "Foreign Operations."

Mr. KEATING. My recollection is that it was 1953 or thereabouts.

Mr. HUMPHREY. I thought it was 4 or 5 years ago, but it may have been 6 years ago.

I was trying to make the point that the practice complained of had once been indulged in. Then there was trouble, and it was corrected by legislation.

Mr. KEATING. I recall when the correction was made. Personally, I thought it was a constructive move to make that correction.

Am I not correct in stating that the suggestion and recommendation of Mr. Dillon was for a limited use of such funds, and that such use should apply only to Greece?

Mr. HUMPHREY. I believe it was \$100 million in the case of Greece. I may be in error. It is somewhat hard to recall all the statistics, because there were so many in the respective countries. But the suggestion from Mr. Dillon was with respect to Greece. The amendment was general in its context, but Secretary Dillon in his statement informed the committee that it was designed to be of assistance to Greece in the management of its public debt.

Mr. KEATING. Did he not testify that there was no intention to use it in any other country except Greece?

Mr. HUMPHREY. At this time.

Mr. KEATING. I simply wanted to put this in perspective. I do not happen to share the low opinion of the Secre-

tary of State or of his predecessor, or of his predecessors under the previous administration, which the Senator from Illinois [Mr. DOUGLAS] apparently has. I think they were fine men who were trying to do their best for their country. I do not think they tried to cover up or hide anything from Congress. That statement goes for not only the present Secretary of State, but also for his predecessors, because they were all fine men.

Mr. DOUGLAS. I have not said a word concerning their characters.

Mr. KEATING. Just a minute. I should like to have the opportunity to answer the Senator, because he has made some serious charges. I do not think they were true of the present Secretary of State or of his predecessor, when there was a Democratic Congress; nor do I think it was true of a Democratic Secretary of State when there was a Republican Congress. There were many things about which I disagreed with them.

But the character and essential integrity of the Secretaries of State, both the present Secretary and his predecessors of both parties, have been attacked tonight by the Senator from Illinois.

The employees and officials of the Secretary of State have been pointed out by him in the galleries as being incompetent, if not worse. I think the record should be set straight about Mr. Dillon, who was the particular focus point of the attack, and that he was limiting his recommendation to a specific situation. He was not recommending a complete reinstitution of this program, which I myself believe—and I think the Senator from Minnesota [Mr. HUMPHREY] will agree—should not be generally reinstituted. But I believe that the Secretaries of State, of both parties, have tried to be sincere in their work.

Mr. DOUGLAS. Mr. President, I simply wish to say that I was not attacking either the present or the preceding Secretary of State. But I am delighted to have the expressions of high opinion from the Senator from New York concerning Dean Acheson, which I had not previously heard the Senator express. However, I am delighted to have his present statement.

I feel, however, that the Department of State, consisting in the main of the permanent personnel, does not have much respect either for Congress or for the legislation which we write, and that it has not administered the program in southeast Asia either with a view to helping the people of those countries or in protecting the prestige of the United States.

However, I know that if one utters the slightest criticism of this administration, the Republican Senators rise to their feet and get into a froth of indignation over anything being said about the administration. One would think this was a monarchy and that if one expressed any criticism of his majesty's government, he was somehow questioning his majesty himself. I happen to believe that this is still a democracy. Members of the Senate have the right to criticize administration officials.

The record in Laos is perfectly clear. It is a disgraceful record. I do not see how it can be defended. I would be interested to know if the Senator from New York is defending the Laos record or not. Is he?

Mr. KEATING. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. KEATING. I simply wish to make it clear, because the Senator from Illinois has a very effective way of putting words in someone else's mouth, that I was not endorsing all the actions of former Secretary of State Dean Acheson. I was defending his essential integrity.

Mr. DOUGLAS. I am very glad of that. I have always believed in it.

Mr. KEATING. I had understood that the Senator from Oregon yielded to me.

I was defending the honesty of Dean Acheson with Congress. I never attacked him, so far as I know. So far as I know, I attacked many of his policies, but I never attacked his essential integrity in dealing with Congress, as the integrity of succeeding Secretaries of State has been attacked by the Senator from Illinois.

Mr. MORSE. Mr. President, does the Senator from Illinois wish me to yield further to him?

Mr. DOUGLAS. I think the discussion on this point has gone as far as it should.

Mr. MORSE. I shall yield next to the Senator from New Jersey. I should like to have the attention of the Senator from Illinois and the Senator from Minnesota concerning a brief comment I wish to make about the soft currencies. These, I believe, involve a problem with which we must deal.

Mr. WILLIAMS of New Jersey. I appreciate the Senator from Oregon yielding to me briefly. I regret that I myself cannot remain in the Chamber this evening to hear the speech which the Senator from Oregon is about to make, but I will read it very closely tomorrow.

Each year when I was a Member of the House of Representatives, and this year as a Member of the Senate, I have brought to my office in Washington a vitally interested youngster of high school age. This year there are three. They have a deep concern in the problems of their Government. While they are here, we help them to learn as much about the operations of the Government in Washington as we can.

One of the things I meant to tell them was not to fail to hear the senior Senator from Oregon when he addresses this body. I regret that I did not tell them that, because I do not believe there is any greater dedication to the traditions of the Senate than that of the Senator from Oregon. In fact, I should say there is no greater dedication to the welfare of all the people of the country than that represented by this body.

But there is a happy ending. Even though I did not tell the youngsters to be here, I am happy to say that they are present and will hear the Senator from Oregon as he addresses the Senate tonight.

Mr. MORSE. I would be much less than human if I did not appreciate very much the very kind personal remarks of the Senator from New Jersey. I may say, jocularly, that I am very unaccustomed to this. I am almost speechless. I thank the Senator from New Jersey for his graciousness and kindness.

Mr. WILLIAMS of New Jersey. I thank the Senator from Oregon.

Mr. MORSE. Mr. President, I call the attention of the Senator from Minnesota and the Senator from Illinois to another phase of the foreign currency problem because I find in my discussions around the country, and also from my mail, great concern about the foreign currencies. There are two divisions or categories of the foreign currencies. There are the foreign currencies which the U.S. Government owns. Then there are the foreign currencies which are not entirely owned by us, but over which we have control in the sense that our approval has to be obtained for their expenditure.

The first classification of foreign currency, that owned by the United States, amounts, in round numbers, to about \$3 billion. That over which we have control in the sense that the country where it is on deposit cannot spend it without our consent amounts to approximately \$800 million.

Three billion eight hundred million dollars is a lot of money.

We have had considerable discussion of this problem in the Committee on Foreign Relations, and we have not finished with it. This is going to be, in my judgment, a continuing issue among us until greater proof is offered that these funds are being handled in the interest of the countries in which they are deposited and in the interest of the United States.

The Senator from Illinois [Mr. DOUGLAS] has inquired tonight as to whether there is any ironclad assurance in the bill that these funds cannot be used to mark down the national debt of the countries in which they are held. The Senator from Minnesota [Mr. HUMPHREY] said that in times past, in at least a couple of instances, ways and means have been found to accomplish that effect. He cited Greece as one example and Norway as another.

But I point out to the Senator from Illinois—and I should like to have his comment, because he knows of the very high regard in which I hold him as an expert in the matter of finance and other economic problems—that there is another way to use these funds, or to prevent their use, which can accomplish some of the same effects as a direct use of them to mark down the national debt of the foreign country.

One of those ways is simply to put them on ice, to use a figure of speech; simply to freeze them and to make no use of them; and, at the same time, to come to Congress and ask for additional funds by way of grants to the very countries in which we have put in cold storage hundreds of millions of dollars of foreign currencies. That is a phase of the problem which has concerned me very much in our discussions in the Committee on Foreign Relations.

The Senator from Illinois has said that in many countries there is much unemployment. In some of the countries a relatively small percentage of the population is employed, and those who are employed work at exceedingly low wage standards. In fact, in many of the countries, as was brought out by the discussion this afternoon in connection with another point, the per capita income is, as the Senator from Minnesota indicated, on the average \$85 or less. In many countries it is much less than \$85.

What troubles me, from the standpoint of the economy of the countries in which we have these frozen funds, is this: What justification can we give to the taxpayers of our country for taxing them further to pour more grant money by the hundreds of millions of dollars into these countries, when we already have money there which, when all is said and done, belongs to the American taxpayers? This money should be put to use at least for personal services—which would help put more people to work, and would at least put this money into circulation.

As the Senator from Illinois has very well pointed out, that would not be inflationary, so long as the money was spent for personal services to be performed by the great multitudes of unemployed in those countries. When I say "put them to work," I mean put them to work on projects which would increase the national welfare of those countries—productive projects which would create new wealth. This is wealth which, if those countries would tax their own people, would be productive of some tax dollars for their own treasuries.

On Monday, I shall discuss at some length my minority point of view regarding various parts of the pending bill—which I believe contains so many bad parts that I cannot vote for the bill, although I shall enthusiastically support its good parts. We have heard many questions raised, both yesterday and today, by Senators who, a few years ago, would not have even questioned any parts of the foreign-aid program. But today many of those Senators are stopping and are considering whether all parts of the program are sound and wise and good. Why? A few years ago, if one of us had raised such a question about the foreign-aid program, the same Senators would have looked at us aghast, as if to say, "Where did this isolationist come from?" But no longer is that true. Today, Senators who, year after year, voted "right down the line" for every phase of foreign-aid bills, now are raising questions. One of the reasons why they are doing so is that they are hearing from the taxpayers of the country.

We have been breaking through the seal of secrecy which this administration has been imposing upon the taxpayers of the country, thus keeping from them facts which they should know about the operation of the American foreign policy. There is yet so much to tell the American people, that we could not get the true picture to them because of that

seal of secrecy. But word is finally getting through to the taxpayers of the country that a few of us who are internationally minded, and who want foreign aid—but want good, not bad or inefficient or corrupt, foreign aid—have been correct. Now, and for some years past, we have said to the American taxpayers, "Do you know what is happening to you? Under your foreign-aid program, you are being asked to assume the tax burdens or tax dodgers and tax evaders in many of the countries of the world where such persons are not being called upon to pay the share of the tax burden that they should be paying." I shall continue to tell our own taxpayers, "Here is one Senator who will continue to vote against reporting from the Foreign Relations Committee of bad foreign-aid bills; then, perhaps we can do something to have such countries that are not carrying their proper tax loads assume their proper tax burdens."

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield?

The PRESIDING OFFICER (Mr. HART in the chair). Does the Senator from Oregon yield to the Senator from Illinois?

Mr. MORSE. I yield.

Mr. DOUGLAS. Greece is one of the most beautiful countries in the world, and has perhaps one of the noblest histories. The people of Greece are splendid people. They have made a great comeback, by working to solve their difficulties. But Greece is the country for which Mr. Dillon wanted to use \$100 million to reduce its internal debt.

I have traveled considerably in Greece. I think it is well known that some of the wealthiest Greeks, some of the shipping magnates, live aboard their private yachts, and do not pay income taxes to the Greek Government. They are international citizens. When they come to Greece, I believe they anchor their private yachts in the harbor of Peiraeus, and do their entertaining aboard ship. They are powerful internationally, but they do not help the Greek Government. I believe that to be the case.

Yet in our State Department we have a man who proposes to use \$100 million of these funds to reduce the Greek debt, while those conditions exist, and while the Greek people themselves need hospitals, schools, roads—

Mr. MORSE. And work.

Mr. DOUGLAS. Yes; and work. The Senator from Illinois in a minor way has contributed small personal amounts to help provide American schools there and to help provide aid to the Greek schools that are carrying on educational work there.

The people of Greece are miserably housed. They could be better housed.

So I wish to say that I hope the Foreign Relations Committee has been successful in preventing the State Department from going through with its plan for Greece. But the very fact that this attempt was made by the State Department to change the law means that there is a disposition to do this very thing in other countries as well.

Again I wish to emphasize that I think these funds can be made a great

and constructive force; and that the Public Law 480 funds can also be used to help raise the standard of living of these people. If the funds are not used for those purposes, we shall have missed a great opportunity, and we may have committed a great crime.

Mr. MORSE. Mr. President, I wish I could state the matter as well as the Senator from Illinois has. I completely agree with the thesis he has stated. It is a thesis which I have been urging in the Foreign Relations Committee.

Let me state another example or two of what I believe we are doing mistakenly in regard to the administration of these foreign currencies, including those over which we have control and those over which we have the right to exercise a veto, insofar as their expenditure is concerned. In many of these countries there are considerable expenditures by the United States for personal services. As the Senator from Illinois well knows, we have the difficult problem of adequate representation funds. I have taken the position that in countries where we have counterpart funds, and in countries where we have frozen currencies, we should make greater use of them in picking up the tabs for our representation costs. I think that is probably one way to strengthen our public relations in those countries, at reduced cost to the American taxpayers.

But what do we do? We keep those funds frozen, and then we send into those countries more of our taxpayers' funds, to be used for our representation purposes.

I have reported before on this matter. When I went to India in 1957, as a member of the Senate delegation to the Commonwealth Parliamentary Conference, I visited several of our embassies and several of our consulates. I found in many instances that they had long since run out of sufficient finances to take care of the representation costs.

Yet I recognized that our visit in itself imposed upon them a financial burden which some one would have to assume. As matters then stood, it seemed to me that it would have to be paid by means of what amounted to assessments upon the members of the embassies or the consulates. For example, I think I cited to the Foreign Relations Committee a situation in Madras, where the Supreme Court of the Province of Madras was desirous of meeting the American group. It was decided that, in accordance with custom and practice, the best way to do so would be by way of an official luncheon. A rather large luncheon was given. But no funds for that purposes were available in our consulate. Although the members of the consulate wanted to pay for the luncheon, I refused to let them do so, because I had authority, as a U.S. Senator, to do something they could not do. As a U.S. Senator, I had authority to draw on counterpart funds. And I did; I paid for the luncheon. Then I owed it, as a matter of public record, to report the expenditure to the Senate. I reported it to the Foreign Relations Committee. I drew on the fund in several other cases; and in each instance I reported.

Do you know what I discovered? I discovered that I was the first one who ever had set that example.

Mr. DOUGLAS. I beg the Senator's pardon; the Senator from Illinois did the same thing in the case of similar uses of these funds in Europe.

Mr. MORSE. I mean I was the first one to do so in respect to the locations just mentioned.

The Field Service were exceedingly appreciative of that action. Does any Senator think my action added to inflation in Madras? Does any Senator think that if we spent much greater sums there it would add to any inflation problem in Madras? Certainly it would be economic nonsense to argue that it would. I think we ought to put these funds to work. We ought to put them to work along the humanitarian lines the Senator from Illinois has suggested tonight. We also ought to take into account the interest of the American taxpayers in connection with reduction of requests contained in the foreign aid bill for new money to go into the countries.

Mr. DOUGLAS. Mr. President, will the Senator yield further?

Mr. MORSE. I yield.

Mr. DOUGLAS. It has been said that these accumulated local currencies will not provide for the importation of machinery which may be needed, skilled technicians, and so forth. This is, of course, true. But the point I make is that local labor and local materials and the use of local tools can be gotten from the agencies, and to the degree that machinery is needed, either development or aid funds can be used, but it does not all have to be done with development or aid funds.

If we are imaginative, with the use of local currencies we can make for tremendous force in aid of education, health, and housing, and get down to doing something for the people.

Perhaps I used strong language about the State Department a few minutes ago, but it is my belief that they are still dominated by the feelings of the Foreign Service, who do not care particularly to help people, and are concerned primarily with relations between governments. They still view themselves as emissaries from one government to another. And in this day and age the problem has gone far beyond that. They must be ministers and, in a sense, missionaries to the people, even though they defend the interests of this Nation at the same time.

Mr. MORSE. I think the Senator from Illinois has made a very valuable contribution to the RECORD in relation to the discussion of this issue. I want to give him my assurance that I, as a member of the Foreign Relations Committee, intend to continue to take a great interest in this problem. I think we are dealing here with one source of saving for the American taxpayer in our foreign aid program. I am not suggesting we can save it all. I am not suggesting we should spend it all. I am saying we should stop looking upon such currencies as frozen funds that cannot be thawed out for use.

Mr. DOUGLAS. Our critics read the RECORD very carefully, and if they can find the slightest error they will pounce

on it like tigers. This is true of the Senator from Illinois as well as the Senator from Oregon, who have many enemies and not too many friends. I am sure the Senator from Oregon does not want the RECORD to show that our representatives abroad should, so to speak, "live it up" with these \$3 billion?

Mr. MORSE. No.

Mr. DOUGLAS. He simply wants adequate representation, and he wants the funds to be used for the benefit of the people.

Mr. MORSE. I am suggesting that they be used to some extent as representation funds and, to the degree that some of these funds are needed for emergencies, they should be so used and I want them used as suggested by the Senator from Illinois. I want a check placed upon their use. I want them to go through channels and have approval obtained so responsibility can be fixed for their use. I am saying there should be authority, with a public accounting justifying the expenditure, to meet the kind of situation which I reported today by way of my example of Madras, and for the other purposes.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Minnesota.

Mr. HUMPHREY. This has been one of the best discussions we have had relating to the accumulation of foreign currencies and their possible uses and previous uses. This has been a subject of interest to me for some time. Mr. Holt, of the Foreign Relations Committee staff, I, and other journeyed through southern Europe and the Middle East a few years ago. When we came back from that tour, I stated certain areas needed careful attention in the field of allocation, use, and programing of foreign currencies owned by the United States. In fact, I recall that on my return, in the hearings before the Committee on Foreign Relations, I was somewhat persistent, and some may have thought I was obnoxious, in insisting that nothing was going to be done in those areas until we got a full report from the Treasury Department as to how much in foreign currencies we really had, what was being done with those currencies, for what programs they had been used, and so forth.

I may add that it took some time to get that information. However, this year we have received more information about the foreign currency situation than ever before.

On Monday or Tuesday I shall bring to the Senate the information which I was able to get from the ICA and the Treasury Department concerning foreign currencies.

Let me add that by a little injection of dollars and with a substantial amount of foreign currencies, we get "maximation" of the use of those currencies. In pharmacy, sometimes when a compound is mixed with another the therapeutic value is accelerated as a result of the mixture. The dollar is the active compound, and when it is added to what may be a relatively inert compound, namely, foreign currencies, a much greater use of those foreign currencies is obtained when

there are native materials such as are found, for example, in Spain, the Middle East, and Greece.

We found in Greece, for instance, that there had been long delays in the Greek Government's being able to borrow Public Law 480 foreign currencies—these were Greek drachmas, owned by the U.S. Government—to establish a Greek electrification program. What could do more to lift the Greek economy than an electrification program? At long last, after much prodding, moneys were made available, and the REA is underway in Greece.

There are other possibilities of that kind.

I do not know how many Senators are aware of it, but last year, in the consideration of the mutual security bill, I was able to have adopted a little amendment which brought about the possibility of a grant of foreign currency for nonliquidating projects such as hospitals, schools, recreational centers, vocational schools, where, with a little imagination and a program and a little "get up and go," the funds can be used for constructive purposes.

Mr. President, unless the funds are used, they erode under inflation and devaluation. Actually, I can point to several countries where substantial amounts of money have been lost as a result of devaluation. What we need is the timely use and well-programed use of the funds for public health and other constructive purposes and for the payment of U.S. Government costs wherever such payments can be made in those currencies.

I can think of countries where we could have improved our embassies, where we could have built apartment houses for Government employees, and later on sold the buildings or turned them over to the local governments for the people who live in that area. There are ways and means of accomplishing good with those funds.

I do not want to say the Department has not been doing any such work, but it has been slow in getting started. I am confident this colloquy will give a word of encouragement to those in the ICA and the Department of State.

In defense of some employees, I may say there is a large number of employees in those programs who want to do the right thing, who are dedicated. Of all the people who have really given of their lives I have seen in some of my trips to these far away places, I should like to pay tribute to the wives of some of our men who are overseas. I know what work they have done in communities in those countries. I know the strange diseases that have stricken their children in countries like Egypt, Iraq, and Iran. It is not easy. The children and the wives of some of our Foreign Service officers and employees of the ICA have gone through great difficulties.

What has been wrong has been the lack of a sense of inspiration and dedication at the top. It takes leadership.

Without reference to anyone in particular, let me say that when there have been four administrators of a big program like ICA in less than 7 years, there

is no continuity of administration. With all due respect, one of the administrators came into office as an avowed enemy of the program. That is what the Senator from Illinois referred to.

Mr. DOUGLAS. Mr. President, I know I have trespassed on the time of the Senator from Oregon unduly.

Mr. MORSE. I yield to the Senator.

Mr. DOUGLAS. There has been called to my attention an article from the Wall Street Journal of this morning, which I had not previously read, entitled "U.S. Aid: Chaos in Laos," and an editorial entitled "The Lesson of the Laos Affair."

Mr. President, I ask unanimous consent that the article and the editorial be printed at this point in the RECORD.

There being no objection, the article and editorial were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, July 2, 1959]
U.S. AID: CHAOS IN LAOS—HOUSE GROUP PROBES CHARGES OF WASTE, CORRUPTION, AND BUNGLING

(This article is excerpted from the report of U.S. aid operations in Laos submitted to the House of Representatives by the Foreign Operations and Monetary Affairs Subcommittee of the Committee on Government Operations.)

The Foreign Operations and Monetary Affairs Subcommittee is charged with the duty of examining the efficiency and economy of foreign aid operations. The subcommittee, of course, does not concern itself with the policy of the foreign aid program as announced in the Mutual Security Act passed by Congress, but it is concerned with the manner in which the act is administered by the Department of State, the Department of Defense, and the International Cooperation Administration.

Giving Laos more foreign aid than its economy could absorb hindered rather than helped the accomplishment of the objectives of the mutual security program. Excessive cash grants forced money into the Laos economy at a faster rate than it possibly could be absorbed, causing:

An excessive Lao Government foreign exchange reserve, reaching at one point \$40 million, equal to a year's aid.

Inflation, doubling the cost of living from 1953 to 1958.

Profiteering through import licenses and false invoices, which made possible the purchase of U.S. cash grant dollars for 35 kip. Those dollars could be resold in the free market for as much as 110 kip.

Much of the overspending is the direct result of a determination to maintain a 25,000-man Lao Army.

Determination of force objectives (the level or the number of troops needed for the security contemplated by the mutual security program) has always been considered a military decision for the Joint Chiefs of Staff and the Department of Defense.

In Laos, however, the decision to support a 25,000-man army with U.S. aid funds was made by the Department of State, despite contrary recommendations by the Joint Chiefs of Staff. In fact, significant military opinion has suggested a force of 12,000 to 15,000.

A basic difficulty—undermining the success of the aid program in many ways and giving rise to the evils of speculation, profiteering and corruption—was the artificial, unrealistic "official" rate of exchange. It took the Department of State and ICA 4 years to overcome this difficulty.

The concentration of the benefits of the aid program to the area around Vientiane and other centers of population, and the enrichment of, and speculation by, Lao mer-

chants and public officials which attended the aid program, tended to lend credence to the Communist allegation that the Royal Lao Government was "corrupt," and "indifferent" to the needs of the people.

Neither the first director of the U.S. Operations Mission (USOM), Carter dePaul, nor his successor, Carl B. Robbins, showed any clear awareness of the problems that confronted the program or any expertise in meeting them. The first evaluation group that ICA/Washington sent into Laos (the sessions group composed of ICA, State and Defense Department investigators headed by Edson I. Sessions) made a report of which the main thrust was that the director should be replaced, but this did not occur for 14 months, and then only by transfer tantamount to promotion. Robbins has stated that his mission was to "clean up the mess," but there is little indication that he did so.

USOM Director Carter dePaul violated ICA contract regulations in several important respects, particularly in relation to the Universal Construction Co. contracts. His actions included:

Writing two contracts for a single job, in order to evade the rule that a USOM director cannot write a contract for more than \$25,000 without ICA/Washington approval.

Writing contracts with inadequate specifications; one contract included a provision that the contractor (Universal) was not required to complete any work under the contract.

On at least one occasion, completely reversing the usual order of procedure: The work was started first; the contract came next; later (with the contract already signed) invitations to bid were issued; and finally ICA/Washington authorization (which should have preceded all other steps) was obtained.

ICA/Washington and, in particular, its Office of Personnel Security and Integrity, have failed to investigate promptly and diligently charges of improprieties brought to their attention, even charges made by ICA's own personnel.

Laotian Army pay raises in 1955 and 1959 have added \$3.8 million annually to the cost of the U.S. aid program in Laos. The 1955 raise has already cost the U.S. taxpayer \$10 million to date. Justifications, if any exist for these raises, are not clear. In both cases, approval by the Department of State was given after the fact and then largely to avoid embarrassment because of unauthorized commitments made at the mission level.

ICA officials have sought to excuse deficiencies and maladministration in the aid program in Laos, after they have been demonstrated, with the assertion that our aid program, however poorly administered, has saved Laos from going Communist. This assertion is purely speculative, and can be neither proved nor disproved. The subcommittee rejects the reasoning of ICA officials, and, on the evidence, believes that a lesser sum of money more efficiently administered would have been far more effective in achieving economic and political stability in Laos, and in increasing its capacity to reject Communist military aggression or political subversion.

In summary, the decision to support a 25,000-man army—motivated by a Department of State desire to promote political stability—seems to have been the foundation for a series of developments which detract from that stability.

Given that decision, the minimum size of the necessary aid program was inexorably established at a dollar value far beyond the estimated rate at which the Lao economy could absorb it. From this grew intensive speculation in commodities and foreign exchange, productive of inflation, congenial to an atmosphere of corruption, and destructive of any stability, political or economic.

With so much of the aid available for Laos earmarked for support of military forces, little attention was paid to programs which might reach the people of the villages. The aid program has not prevented the spread of communism in Laos. In fact, the Communist victory in last year's election, based on the slogans of "government corruption" and "government indifference" might lead one to conclude that the U.S. aid program has contributed to an atmosphere in which the ordinary people of Laos question the value of the friendship of the United States.

The army, which was too large for the economy to handle, was inadequate to perform its appointed mission. Against a much smaller force, it was unable to enforce Communist compliance with the Geneva agreements, which required evacuation of the two northern provinces and their return to the control of the central government. The presence of troops throughout the country may have assisted generally in the maintenance of order, but one may properly question, weighing all factors in the balance, if this was the most effective device.

The inability to remove the Communists from the northern provinces by diplomatic pressure or military force led to a compromise solution which admitted Communists to the Government and which established the Communist Party, Neo Lao Hak Xat, as a legal, aboveground political party.

Recently (January 1959), the cabinet was given "extraordinary powers" by the national assembly, which was thereupon dissolved. In effect, this means that for a year the cabinet exercises dictatorial powers. One of its first acts was to purge itself of Communist members. Other actions since indicate that some housecleaning is underway. In the interim, however, the Communists, being "legal," have acquired a certain amount of prestige in the countryside which will be difficult to destroy.

Another hopeful recent (October 1958) development has been agreement of the United States and the Royal Lao Government upon a realistic exchange rate (80 kip to the U.S. dollar) * * * its effect has been deflationary, and the cost of living in Laos has dropped about 25 percent since the currency reform.

Foreign exchange is now freely available at the new rate, and the temptations to speculation and corruption are lessened. It is unfortunate that Department of State vacillation should have delayed currency reform for 4 years, when it was recognized as one of the key problems in Laos that needed correction.

These recent developments, although they seem to provide an atmosphere in which a better program is possible for the future, do not automatically insure such a program. It is the opinion of the subcommittee that needed reforms are many in number, and that they are required at all levels of the aid program in Laos.

The International Cooperation Administration and the Department of State are usually very reluctant to admit the existence of any specific errors in their administration. In those cases—and there are many—where the facts cannot be denied, it seems to be almost a standard response that the criticisms are directed to conditions and matters which are ancient history and that everything in the particular program or country criticized has been remedied in the interim and is now without fault.

It should be noted, however, that only a few of the deficiencies noted in the Laos program were new to the subcommittee's experience. The criticisms that can be made of the Laos program today are almost identical in general substance with the criticisms we made of the foreign aid program in Iran 2 years ago. In the interim, we have conducted further inquiries of the

foreign aid program, held a number of hearings, issued several additional reports, and visited a dozen of the countries receiving U.S. aid. In each instance we have found certain recurring deficiencies, including:

A lack of adequate advance planning on country and specific projects.

The absence of any clear and complete explanation of how the level of aid for any country has been determined: i.e., why a particular country program is to cost X dollars, instead of some other amount.

Defective standards and procedures for the award and administration of contracts.

Lack of effective procedures to prevent conflicts of interest or other improper activities of ICA employees; that this can actually lead to fraud and corruption has been adequately demonstrated by our findings in Laos.

Lack of adequate control over expenditures of both dollars and local currency.

Inadequate end-use checking; i.e., lack of controls sufficient to insure that expenditures are actually made for declared purposes, and that items procured under the aid program have in fact been put to use as intended.

Excessive use of cash grants of dollar aid, with corresponding underuse of aid in kind.

Inadequate controls over commodity import programs.

Poor coordination among departments, between field missions and Washington, and among various ICA divisions in Washington.

General failure of the executive branch to take remedial action based upon factually supported criticisms, even when those criticisms stem from executive employees whose jobs entail the specific function of evaluation.

All of these deficiencies, and more besides, were present in the U.S. aid program in Laos.

[From the Wall Street Journal, July 2, 1959]

THE LESSON OF THE LAOS AFFAIR

In the report of the House subcommittee which investigated our foreign aid operations in Laos, excerpted on this page today, there occurs this remark:

"The International Cooperation Administration and the Department of State are usually reluctant to admit the existence of any specific errors in their administration. * * * Where the facts cannot be denied, it seems to be almost a standard response that the criticisms are directed to conditions and matters which are ancient history and that everything * * * is now without fault."

This is an observation well supported by the record. And it seems to us that the attitude observed is one of the big reasons why so little has been done to get our foreign aid program on a sensible basis.

Take this Laos affair. The first indication that things were not well with our aid efforts in that country came from an extensive report by this newspaper's Far Eastern correspondent on April 9, 1958. Although this report was not as critical as subsequent official investigations, it nonetheless made plain that quite a number of things were amiss.

The reaction at ICA and the State Department was so prompt as to be almost a reflex action. By April 16, in response to questions from Congress, the ICA gave the House Committee on Foreign Affairs a long and elaborate critique of the Wall Street Journal story. The gist of the critique: The Laos program was going along swimmingly and anyway such errors as had been made were matters of ancient history.

Subsequently the General Accounting Office made its own investigation. Its findings were similar to those of this newspaper. And the GAO drew a similar reply from the ICA.

Now, more than a year later, comes this report from the subcommittee of the House Committee on Government Operations after an exhaustive study of the whole situation in Laos. It is hardly necessary to add that within 2 days of the report the foreign aid officials answered with their standard defensive reply.

The Laos affair, by itself, may be a relatively minor matter; it is a tiny and remote country and its aid program does not involve enormous sums of money. But there is nothing minor in the attitude reflected in the automatic reaction to any suggestions that things might be awry in any part of the foreign aid program.

In the eyes of the State Department, the ICA and a good many foreign aid advocates the program has become an all-or-nothing issue. It is not sufficient to agree, as this newspaper has agreed, that there are circumstances where foreign aid may be useful; you are supposed to accept the doctrine that all foreign aid, of whatever kind or in whatever amounts, is absolutely essential and not to be questioned.

Indeed, as the history of Laos suggests, one may not even question the particular operation of the program in a particular place. Any such questioning is destructive criticism. Apparently there is a feeling among the foreign aid officials that to admit the slightest crack in the edifice will be fatal, and therefore the only thing to do is, in effect, deny everything.

Even from the foreign aid officials' own viewpoint, this is hardly sensible, for it is bound to multiply doubts that the edifice is sound enough to withstand close scrutiny. One need only reflect how different matters would appear now if the mistakes in Laos had been promptly and frankly conceded along with vigorous action to correct them. Laos would have long since been forgotten.

But of more importance is what this attitude has done to impede intelligent discussion of the foreign aid program—what it is and what it ought to be. How can there be any profitable debate of a major public issue in such an atmosphere?

If the foreign aid program is to be presented on an all-or-nothing basis, no one ought to be surprised if, in the face of such evidence that all is not well, the country finally decides to choose nothing.

Mr. DOUGLAS. I regret that the Senator from New York is not present in the Chamber. I feel compelled to make a reply to the Senator. The Senator from New York became very angry because I had brought attention to what I thought were State Department derelictions.

I should like to point out that the House subcommittee stated:

The International Cooperation Administration and the Department of State are usually reluctant to admit the existence of any specific errors on their administration. . . . Where the facts cannot be denied, it seems to be almost a standard response that the criticisms are directed to conditions and matters which are ancient history and that everything . . . is now without fault.

The Wall Street Journal, which is a supporter of the present administration and which could never be accused of being a friend of the critics of this administration, goes on to say:

This is an observation well supported by the record. And it seems to us that the attitude observed is one of the big reasons why so little has been done to get our foreign aid program on a sensible basis.

The Wall Street Journal then proceeds to indicate that it first pointed out the

trouble in the Far East in the issue of April 9, 1958, and that the week following the ICA stated that everything was going along fine in Laos; that such errors as had been made were matters of ancient history.

Then the General Accounting Office made its investigation and corroborated the findings of the newspaper. The ICA then responded in a similar manner.

Now more than a year later the House Committee on Government Operations has come forward and corroborated both the charges of the Wall Street Journal and the GAO.

The editorial goes on to comment about this fact, and criticizes the attitude of the foreign aid officials by stating:

Apparently there is a feeling among the foreign aid officials that to admit the slightest crack in the edifice will be fatal, and therefore the only thing to do is, in effect, deny everything.

The Wall Street Journal says this is one reason why so much opposition to the foreign aid program has developed.

Mr. President, the Senator from Illinois has carried the banner for the foreign aid program in Illinois for about 10 years. I fought the initial campaign in 1948 in support of the Marshall plan over the bitter opposition of the Republican Party.

I have been a consistent friend of foreign aid. But I want the aid to help the people of the countries to which the aid goes and also to help the interests of the United States. The Senator from Illinois is opposed to waste and corruption and "stuffed shirtism." He wants some realistic humanitarianism on the part of the State Department.

I wish the Senator from New York were present when I say that criticism of this type is constructive, even though severe, and it would be well for the State Department and for the ICA to recognize it and to realize that if they do not recognize it, and if they do not mend their ways, many of us who have been friends of the program will be compelled to oppose it.

Mr. MORSE. Mr. President, I wish to say that the comments of the Senator from Illinois are very inspiring to me, because he has expressed a point of view which I hold. In the earlier remarks of the Senator this evening—and the Senator from Minnesota [Mr. HUMPHREY] associated himself with the point—there was some discussion about the refusal of the administration to give us the evaluation reports on the administration of our foreign aid program. The reason given was executive privilege.

Not tonight, but at some time in the future, Mr. President, I intend to discuss on the floor of the Senate the constitutional history of the separation-of-powers doctrine, out of which grows this policy of the administration of executive privilege which has been used to deny to us these evaluation reports.

One would think, as we listen to administration spokesmen, that this is a mandatory doctrine, in the sense that if it is not exercised in some way the administration will be guilty of violating the Constitution. What is not made

clear and what is not thoroughly understood by the American people is that the doctrine of executive privilege, as it is linked with the separation-of-powers doctrine, is a doctrine of privilege. The administration is privileged to exercise it, but there is no mandatory requirement. The use of executive privilege to the degree it is now followed in our Government is of recent origin historically. This is particularly true in respect to the amount of its use. It was used by Washington. It was used by Jefferson. It has been used to some extent by every President of the United States, but only on rare and exceptional occasions.

Our history books are full of incident after incident in which a President has made perfectly clear he did not need to cooperate with a congressional request for some information. He based his position on the doctrine of executive privilege, but then he would go on to say, however, that the privilege should be exercised by a President only under the most extraordinary circumstances.

This is not one of those circumstances. By no stretch of the imagination can one sustain an argument that the request of a Congress, which votes the funds—the request of a Congress, which approves the outline of the policies to be carried out by an administration under a mutual security program—is so exceptional that a President should use the doctrine of executive privilege if it in fact applies to this type of request.

I shall discuss on a future date the merits of the argument that it does apply, as contended by the administration. It has always been my position that the presumption should be in favor of the administration, but it is a rebuttable presumption and not a conclusive one.

I am satisfied Mr. President, that what the President does, when he denies to the Congress of the United States the evaluation reports on the administration of the foreign aid program, is to cheat the American people out of information to which they are entitled. They should have this information if they are to be the judges of the value, effectiveness, and worthwhileness of the various foreign aid programs in the several countries of the world.

The President of the United States should hear, on this matter, not only from the Congress but also from the people of this country. I am satisfied he is going to hear from them once we can get the facts through to the people. The sad fact is that the American people as a whole are, for the most part, completely unaware of this failure on the part of the President of the United States to give them the information to which they are entitled as freemen and women in regard to the operation of a mutual security program.

As I have been heard to say many times, I repeat tonight, foreign policy does not belong to the President of the United States; foreign policy belongs to the American people. The President is only the administrator of the people's foreign policy. The sad thing is that the American people, under this Government by secrecy under which we now live, are not given enough facts to under-

stand what actually is going on in the field of foreign affairs. That is why some of us, Mr. President, on Monday and on Tuesday, are going to fight hard on the floor of the Senate for some amendments which seek to deal with this problem of secrecy in connection with the administration of a foreign aid program. We hope we can attain the adoption of some of those amendments so that we can hasten the day when the American people will be fully informed in regard to the facts about the administration of our mutual security program.

COMMENDATION OF MAJORITY LEADER

Mr. President, before I turn to the parliamentary question I have been waiting all day to discuss, and which I agreed with the Democratic whip this morning I would postpone until later in the day, I wish to say something about the majority leader of the Senate.

I would be remiss if I let the Senate adjourn tonight without making this statement about the majority leader, because I think it is due him and he is entitled to a clear record tonight as to his responsibility for the decision to postpone until Tuesday a final vote on this bill and on those amendments to the bill which will be brought up on Tuesday.

I know of no man who holds his word to be more precious than does the Senator from Texas. The Senator from Texas, as our majority leader, gave the Senate notice several times in the past several days that it was his intention and plan to do everything he could to reach a final vote on the mutual security bill by the end of this week. He gave notice to the Senate several times that he planned to hold the Senate in session during the evenings, as he has done, for the purpose of reaching a final vote on the bill by the end of this week. The RECORD shows that he said—to paraphrase him, not to quote him exactly—"we will remain in session Wednesday and Wednesday night. We will remain in session Thursday and late Thursday night. We will remain in session Friday, and late on Friday night if necessary. Many Members have engagements over the 4th of July weekend, and it is my desire to dispose of the bill at the latest by Friday night."

That was the desire of the majority leader. That was the intention of the majority leader; and no one could have made a more vigorous effort to attain that purpose than did the majority leader. But circumstances often alter situations. Very often unforeseen conditions develop which make necessary a change of plans even by the best of men—and the majority leader is one of the best.

The majority leader certainly had no idea—and neither did the rest of us—that there would be raised on the floor of the Senate yesterday a parliamentary issue which took the Senate completely away, for many hours—in fact, starting rather early in the afternoon and continuing for the rest of the day—from a discussion of the substantive features of the mutual security bill now pending before the Senate. Therefore, from the standpoint of time, it became impossible

for some of us who have major amendments to the bill, and some of us who have substantive minority viewpoints in regard to certain sections of the bill, to make our record up on it.

The matter of foreign policy is of major concern to me as a member of the Foreign Relations Committee. It involves various issues with respect to which I am under very severe attack in the political field. Many of the critics simply are not aware of the facts in regard to the basis of my proposals for modification of the mutual security program.

Each Senator must determine for himself his course of action in carrying out his obligation as a Senator and in keeping the trust he owes the people of his State who have entrusted him with the grave responsibility of serving in the Senate.

The RECORD is perfectly clear that at every step I have sought to cooperate with the leadership of the Senate. For example, this morning when the Democratic whip suggested that I postpone discussion of the parliamentary issue which I shall discuss before I take my seat, I was happy to oblige. I think I can say, without violating any confidences or embarrassing anyone, that when we got into the long discussion yesterday with regard to the point of order raised by the Senator from South Dakota [Mr. CASE], it became obvious that it was to be desired that there be a rather lengthy discussion of some of the constitutional law issues involved, and some of the points involved in regard to statutory definitions, as well as some of the issues which had become involved with regard to an interpretation of the rules of the Senate.

It was suggested to me that I undertake such an assignment, and I did so last night at some length. I did so for two reasons, which I made very clear. One was to make the record on the merits of the issue, and the other was to prevent a vote from occurring last night until the leadership and other Members of the Senate could have time for off-the-floor discussions and negotiations which are a common practice in the Senate. I shall always be proud to stand on that record.

The result was to postpone a discussion of the substantive issues involved in the proposed legislation. So we were confronted today with a time schedule, if we were to carry out the time schedule previously announced by the majority leader. Conforming to the time schedule of the majority leader, in the opinion of some of us, would do us a great injustice, because we could not possibly make the record which we feel should be made on this legislation before the record is closed, and vote on the bill tonight.

I spoke to various members of the leadership of my party in the Senate and suggested to them that a group of us felt that, in view of the unforeseen circumstance which occurred yesterday, when so much time was taken up in the discussion of a point of order issue, it would be best to postpone a final vote on this question until Tuesday. I think

the RECORD should show, in fairness to the majority leader, that he hoped we would not insist on that point of view, because, as he said, he had given his word to the Senate. He had announced the program to the Senate, and he felt that under the circumstances every effort should be made to conform to the schedule. We assured him that we thoroughly understood his position, but that at the same time there should be a recognition on the part of all concerned that each Member of this body not only has the right, but the duty, to see to it that he carries out his responsibilities in connection with debate and discussion of a question of such great concern as the mutual security bill.

We made it very clear that in our opinion this is one of the major pieces of legislation which will come before the Senate in this session of Congress. We made it clear that in our opinion the debate record which is made in connection with this legislation will be of great importance so far as it relates to the subsequent interpretation of the intent and purpose of the Senate in passing the legislation.

We made it clear that a group of us intended to speak for the RECORD for historical purposes, because we think it is important that there be made a part of the RECORD certain facts and information which we wished to discuss in connection with the amendments we proposed to offer.

We pointed out, for example, that there has not been time as yet for the minority point of view even to be discussed on the floor of the Senate, although the majority point of view was very ably presented night before last by the distinguished Senator from Arkansas, the chairman of the committee [Mr. FULBRIGHT]. Ordinarily the minority point of view would follow almost immediately thereafter, and I was ready to present the minority point of view yesterday morning, or at any time yesterday.

But again I accommodated various colleagues who asked for a postponement of my speech on the minority point of view until certain other matters could be taken up first. As I said to the leadership today, I never have refused, and I never will refuse, to postpone any discussion of mine if it is desired to have some other discussion precede it. I happen to be of such a nature that I feel that the leadership should have the right to ask any Senator to withhold a discussion so that some other discussion may precede it, if that meets the convenience of the leadership. That was my position yesterday.

Then the particular parliamentary situation arose, and after that, of course, there was no opportunity to present the minority point of view in regard to the bill.

I wish to say in behalf of the majority leader that he understood the point of view some of us held on this question, and recognized that we were not suggesting any procedure of obstruction, but that we sincerely wanted the time to make our case on the RECORD, and that we were perfectly willing, if ample time were assured to present

that case, to enter into an agreement to vote on Tuesday. He said that he would oblige us by suggesting the Tuesday date. It is interesting because it is typical of the nature and the fine character of the man that in presenting his request he did not give to the Senate an inkling of the discussions which had taken place off the floor of the Senate, or at least outside the formal debate for the RECORD of the Senate.

I thought it was due him that I should say here tonight that the responsibility for the postponement of a vote on this matter rests on the shoulders of a small group of us. The responsibility is ours because we suggested that in the interest of full debate in the Senate on a matter which we think is of vital concern to the country a full record for future reference ought to be made. The majority leader decided to oblige us although I suppose he would say, good naturedly, there was not much else that could have been done, because we certainly would have found it necessary to exercise our prerogative of continuing the discussion until we had completed our record, which would have taken far beyond tomorrow.

But I think this also should be said about the majority leader: He recognized the fairness of our request; and even though it made it necessary for him to seem to modify his former position, he did not in fact modify his former position, but, only because of these unforeseen conditions which developed, simply announced in effect his desire to accommodate a group in the Senate which had more to say than the time for the rest of tonight would have permitted. Therefore, he agreed to postpone the vote until Tuesday.

I think the postponement is beneficial for other reasons, too, because I hope that between now and next Tuesday there will be considerable public interest expressed in some of the pending amendments, to the end that they may receive more favorable consideration than otherwise would be the case.

Mr. President, I turn now to the completion of my record on the point of order which was raised yesterday. Although that point of order has been withdrawn, a legislative parliamentary history was made yesterday which will be pointed to, I am certain, time and time again in the years to come, as future discussions relating to this general problem undoubtedly will arise.

As I said last night, what should be done about the problem raised by the point of order submitted by the Senator from South Dakota [Mr. CASE] is to formalize the matter in resolution form and send it to the Committee on Rules and Administration for determination. I am certain that after due hearing and debate before that committee, the position, which we took yesterday in the debate in opposition to the point of order, will be sustained, and that a favorable report in support of our position will inevitably come from the Committee on Rules and Administration.

In order to be of help to the Committee on Rules and Administration, and in order to make the record as clear as I possibly can, I now wish to discuss a

memorandum which was prepared at my request last night and made during my speech. It will be recalled that during my speech last night I pleaded for time for Members of the Senate to go to the library to do their book work on this matter. I pointed out that our discussion yesterday, for the most part, was based upon curbstone opinion, unsupported by library research. I said that we were dealing with a matter so technical in its legal overtones that we certainly should have a thorough research done on it before we were asked to vote on the proposal to overrule the decision of the Chair.

In the course of that speech, I respectfully asked the courtesy of the two Parliamentarians, Mr. Watkins and Mr. Riddick, to prepare for me, for future use in the debate which I thought would take place today, in the event that the point of order was not withdrawn, a memorandum dealing with the problems raised by the point of order. Such a memorandum was prepared by our two able Parliamentarians. I think it is a masterful and a scholarly analysis of this very complicated and intricate parliamentary problem.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DOUGLAS. The Senator from Illinois is compelled to leave shortly, to report to the citizens of his State on some current problems. But before he goes, he desires to congratulate the Senator from Oregon for the great public service which he has performed in dealing with this issue. I was not able to be present last night when the Senator from Oregon made his very timely speech, which begins on page 11351 of the RECORD. But the Senator from Illinois has read that speech. To my mind it is unanswerable. It is a notable contribution to the procedure of the Senate. I marvel that on such quick notice, because the issue came up so rapidly, the Senator from Oregon could marshal the precedents, assemble the material, and present this logical and cogent address which I think is unanswerable and which supported the decision of the Chair.

I hope that the Committee on Rules and Administration will give to this speech and to the memorandum which the Senator is now about to submit due and proper attention. The Senator from Illinois could not leave the Chamber without expressing for the RECORD admiration for the great service which the Senator from Oregon performs for the Nation in just such matters as this.

At times the Senator from Oregon gets very rough treatment from the press. I do not always agree with him in every position which he takes. Sometimes he is rather rough on those who differ with him. In spite of this, the Senator from Oregon is not only the best constitutional lawyer in the Senate, but he is also, in my opinion, the best master of legislative procedure and is on the side of the people.

Someone asked me the other day, "What is a liberal?" I started to give a rather academic definition. Then I threw that aside.

I said, "A liberal is one who is basically for the people." The Senator from Oregon is for the people, first, last, and all the time.

Mr. MORSE. Mr. President, the Senator from Illinois simply could not have done a nicer thing for me than to express those kind sentiments. I know myself better, I think, than the Senator from Illinois knows me. I know the extent to which I do not deserve his compliments. Nevertheless, his evaluation of my speech last night is something which I will always cherish.

We are all a little sentimental now and then. I have a suspicion that the next time I send a letter to my three girls, I will probably include, out of just plain human vanity, a clipping from the CONGRESSIONAL RECORD containing the Senator's remarks, together, probably, with some comment to the effect, "Well, you see, in Senator DOUGLAS' view, Dad isn't so bad."

I want the Senator from Illinois to know that I appreciate his comments very much.

Mr. DOUGLAS. They are very much deserved. I hope the Senator from Oregon will forgive me if I leave the Chamber, but I must go to another field of activity to report to the voters of Illinois on the doings of the Eisenhower administration.

Mr. MORSE. I want the Senator from Illinois to know that I appreciate the interest he has shown in this subject tonight and the time he has spent here.

Mr. President, I was saying that the report of our two Parliamentarians, in my judgment, simply clinches this argument. I think that when I have finished reading the report and commenting upon it, those who will take the time to study it will completely agree with me that it is an excellent and unanswerable memorandum.

It will be remembered that in the course of our discussion last night, several of us pointed out that the Committee on Appropriations has not always existed in the history of the Senate. It did not exist at the time the Constitution was written, when the Constitution used the language "appropriations made by law." I make that comment as an introduction to the first observation set forth in the Parliamentarians' memorandum, which reads as follows:

REFERENCE OF GENERAL APPROPRIATION BILL

The first standing committees of the Senate, 11 in number, among them being the Committee on Finance, were created on December 10, 1816. (Senate Journal, 14th Cong., 2d sess., pp. 38, 39.)

The Committee on Appropriations of the Senate was created on March 6, 1867, and on the next day the rule was further amended by providing that all general appropriation bills should be referred to that committee. No specific duties other than such references were designated. Prior to the establishment of the Appropriations Committee, the general appropriation bills, for the most part, were referred to the Committee on Finance.

I digress from the memorandum to state that it will be recalled that yesterday some of us pointed out the differences between general appropriation bills and special appropriation bills.

We pointed out that the Appropriations Committee has been given jurisdiction only over general appropriation bills, not over special appropriation bills. So, Mr. President, we see that from the very beginning of the establishment of committees in the Senate, that distinction was drawn.

I read further from the memorandum:

On January 17, 1877, the rule (present rule XVI) was amended to provide that all general appropriation bills should be referred to the Committee on Appropriations, except bills making appropriations for rivers and harbors, which should be referred to the Committee on Commerce.

On January 28, 1899, the paragraph was amended, effective at the beginning of the 56th Congress (March 4, 1899), by providing that all general appropriation bills should be referred to the Committee on Appropriations, with the following exceptions: Rivers and harbors bills, to the Committee on Commerce; agriculture bills, to the Committee on Agriculture and Forestry; Army and Military Academy bills to the Committee on Military Affairs; the naval bill to the Committee on Naval Affairs; pension bills, to the Committee on Pensions; and post office bills, to the Committee on Post Offices and Post Roads. (Senate Journal, 55th Cong., 3d sess., p. 86.)

In the 1877 rules revision, a provision was adopted that no amendment which proposed general legislation should be received to any general appropriation bill; nor should amendments not relevant nor germane to the subject matter or any item or clause of the bill be received.

On March 6, 1922, paragraph 1 of the rule was further amended (1) to provide that all general appropriation bills should be referred to the Committee on Appropriations, and (2) that the Committee on Appropriations should not report an appropriation bill proposing new or general legislation, and if such a bill was reported, a point of order could be made against the bill, and, if sustained, the bill should be recommitted to the Committee on Appropriations.

STANDING COMMITTEES MAY PROPOSE AMENDMENTS INCREASING AN APPROPRIATION OR ADDING NEW ITEMS BY REFERENCE TO APPROPRIATIONS COMMITTEE

On March 6, 1867, the present rule XVI was further amended by providing that "all amendments to general appropriation bills reported from committees of the Senate, proposing new items of appropriations, shall, 1 day before they are offered, be referred to the Committee on Appropriations. (Senate Journal, 40th Cong., 1st sess., p. 14.)

On January 17, 1877, the rule was further amended by including "new items of appropriations."

FINANCING OF DEVELOPMENT LOAN FUND

Are the provisions found at line 13, page 16, through line 13, page 17, of S. 1451, as reported to the Senate, subject to a point of order on the ground that it is an appropriation without having been reported to the Committee on Appropriations?

The Constitution places no such restriction. Article I, section 9, subsection 7, merely requires that "No money shall be drawn from the Treasury, but in consequence of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time."

This merely necessitates that all appropriations drawn from the Treasury be done after a legal fashion. There is no definition as to whether it should be by an appropriation bill, a legislative authority, or an appropriation bill pursuant to legislative authority.

Thus, any restriction against such a pro-

vision must be found in the rule of the Senate.

Rule XVI under the precedents of the Senate is only applicable to general appropriation bills. This bill under all precedents and practices of the Senate could not be considered as a general appropriation bill under any circumstances, as defined in a decision by the Chair on March 5, 1924, and attached hereto.

To the contrary, if this provision were carried in a general appropriation bill reported by the Committee on Appropriations it would be subject to a point of order on the grounds that it was legislation in a general appropriation bill.

Special appropriation bills may carry legislative provisions and not be subject to a point of order, since rule XVI does not apply to special appropriation bills as set forth at page 90 of "Senate Procedure." Likewise, under the precedents of the Senate, special appropriation bills have been reported out of both various legislative committees as well as from the Appropriations Committee. In a decision by the Chair on May 20, 1908, it was held that an amendment making an appropriation for the purchase of a site and the erection of a building thereon, proposed to an omnibus public buildings bill, was in order, inasmuch as the bill under consideration was not an appropriation bill.

Thus, since rule XVI is not applicable in this case we must turn to rule XXV, the only other rule applicable in this instance.

Rule XXV, section 1, subsection b provides as follows:

"(b) Committee on Appropriations, to consist of 27 Senators, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Appropriations of the revenue for the support of the Government."

Under the practice of the Senate pursuant to this provision of rule XXV only general appropriation bills and special appropriation bills as defined and set forth at pages 70-72 of "Senate Procedure" have been referred to the Committee on Appropriations. An examination of these bills shows that "appropriations for the support of the Government" has been defined generally as supply bills providing funds for the support and operation of the Government as distinct from public debt transactions, revolving funds, and receipts from the sale of various types of Government securities.

I digress, Mr. President, to point out that that was part of the burden of my argument last night—namely, that the entire history of this matter shows that public-debt transactions have never been considered as being appropriations for the support of the Government. Let us not forget that the entire basis of the authority of the Appropriations Committee is the requirement that the appropriations it handles be for the support of the Government. That is as clear as clear can be, both from a constitutional standpoint, from a statutory standpoint, and from the standpoint of the Senate rules.

I read further from the memorandum:

Likewise, many bills making special direct appropriations have not originated in the House nor were they handled by the Appropriations Committee of the Senate, but were reported by legislative committees of the Senate as set forth at pages 66, 67 of Senate Procedure.

This particular issue, including a point of order, has been raised several times in the Senate but has never been ruled on by the Chair. For example, see Senate proceedings for June 9, 1958. Many bills embodying language of this nature (some of which are

cited in the proceedings for June 9, 1958) reported by legislative committees have been passed by the Senate, no points of order having been made thereon.

The House, on June 28, 1949, at page 8538 of the CONGRESSIONAL RECORD, had an occasion to rule on such point of order and held such provisions in order.

The language defining the jurisdiction of the House and Senate Committees on Appropriations is identical. Both the Senate and House rules on that subject read as follows: "Appropriations of the revenue for the support of the Government." The decision by the Chair in the House on that occasion follows:

"The CHAIRMAN (Mr. Boggs of Louisiana). The Chair is prepared to rule.

"The Chair agrees with the gentleman from South Dakota that the point which has been raised is not a casual point of order. As a matter of fact, as far as the Chair has been able to ascertain, this is the first time a point of order has been raised on this issue as violative of clause 4 of rule XXI.

"As the Chair sees the point of order, the issue involved turns on the meaning of the word 'appropriation.' 'Appropriation,' in its usual and customary interpretation, means taking money out of the Treasury by appropriate legislative language for the support of the general functions of Government. The language before us does not do that. This language authorizes the Secretary of the Treasury to use proceeds of public-debt issues for the purpose of making loans. Under the language, the Treasury of the United States makes advances which will be repaid in full with interest over a period of years without cost to the taxpayers.

"Therefore, the Chair rules that this language does not constitute an appropriation, and overrules the point of order.

"Mr. CASE of South Dakota. Mr. Chairman, a parliamentary inquiry.

"The CHAIRMAN. The gentleman will state it.

"Mr. CASE of South Dakota. Would the Chair hold then that that language restricts the Secretary of the Treasury to using the proceeds of the securities issued under the second Liberty Bond Act and prevents him from using the proceeds from miscellaneous receipts or tax revenues?

"The CHAIRMAN. The Chair does not have authority to draw that distinction. The Chair is passing on the particular point which has been raised.

"Mr. CASE of South Dakota. However, Mr. Chairman, it would seem implicit in the ruling of the Chair and I thought perhaps it could be decided as a part of the parliamentary history. It might help some courts later on.

"The CHAIRMAN. The Chair can make a distinction between the general funds of the Treasury and money raised for a specific purpose by the issuance of securities. That is the point involved here."

RULING ON MARCH 5, 1924, AS TO DISTINCTION BETWEEN GENERAL AND SPECIAL APPROPRIATION BILLS

(A bill making a direct appropriation from the Treasury for a specific purpose is not subject to a point of order under rule XVI. The general appropriation bills, within the meaning of the above rule, are those well-defined bills carrying general appropriations for the various Government departments.)

On March 5, 1942, the Senate, as in Committee of the Whole, had under consideration the bill (S. 2250) to promote a permanent system of self-supporting agriculture in regions adversely affected by the stimulation of wheat production during the war, etc., which had been reported from the Committee on Agriculture and Forestry. The bill originally provided for an authorization to carry out its provisions, but had been modi-

fied so as to provide for a direct appropriation of funds from the Treasury.

Mr. Lee S. Overman, of North Carolina, calling attention to the fact that under the rule all general appropriation bills should be referred to the Committee on Appropriations, made the point of order that because it made a direct appropriation it fell into that class and, therefore, should be referred to the Committee on Appropriations.

Mr. McNary, of Oregon, contended the bill was not a general appropriation bill, but a bill making a specific appropriation, and thus not subject to the provisions of rule XVI. Mr. Pat Harrison, of Mississippi, argued that the term "general appropriation bill," as used in the rule, meant the general supply bills, and that in this case the Committee on Agriculture and Forestry had authority to report an appropriation in a special bill. The Presiding Officer (Mr. Andrieus A. Jones, of New Mexico) overruled the point of order. He said, in part:

"There is a distinction between what is commonly called a general appropriation bill and a bill providing for a special appropriation. The Senator from North Carolina raises the point whether the pending bill carrying a general appropriation comes within the meaning of this language stated in the rule. The Chair is of the opinion that the rule itself was intended to include only the general appropriation bills, which are well defined, carrying general appropriations for the various departments. * * * The Chair overrules the point of order."

AN AMENDMENT MAKING AN APPROPRIATION FOR THE PURCHASE OF A SITE AND THE ERECTION OF A BUILDING THEREON, PROPOSED TO AN OMNIBUS PUBLIC BUILDINGS BILL, IS IN ORDER, INASMUCH AS THE BILL UNDER CONSIDERATION IS NOT AN APPROPRIATION BILL

On May 20, 1903 (fn: 60th Cong., 1st sess., RECORD, p. 6586), the Senate, as in Committee of the Whole, had under consideration H.R. 21897, an omnibus public buildings bill, to which the Committee on Public Buildings and Grounds had reported an amendment inserting the following new section:

"Sec. 33. That the Secretary of State is authorized to purchase and erect a building thereon in the city of Paris, France, for the use of the embassy and for the residence of the Ambassador at that capital, and for furnishing the same and, if necessary, otherwise adapting it to the needs of the service, \$400,000, or so much thereof as may be necessary."

Mr. Charles A. Culberson, of Texas, made a point of order against the amendment, that it had theretofore been sustained by the Chair in a general appropriation bill on the ground that it was in the nature of general legislation.

Mr. Henry Cabot Lodge, of Massachusetts, made a point of order that the bill under consideration was not a general appropriation bill, but a bill specifically providing for public buildings.

The Vice President (fn: Mr. Charles W. Fairbanks, of Indiana), overruling Mr. Culberson's point of order, said:

"The Chair formerly sustained the point of order on a similar amendment when proposed to a general appropriation bill, and for the reasons stated by the Senator from Texas. This amendment, however, is proposed to a bill which is not a general appropriation bill, and therefore the Chair is constrained to overrule the point of order."

Mr. President, it was very interesting to me—and I must say I was delighted—to learn from that record that a very great Senator from the State of Oregon, who at one time was majority leader of the Senate, and at another time was minority leader of the Senate, for the

Republican Party—a great liberal, the late Charles McNary—was, during his service in the Senate, involved in a phase of the same parliamentary issue which held the attention of the Senate almost all day yesterday.

Needless to say, I was exceedingly pleased to discover that on this matter I was walking in the footsteps of the great Senator McNary, because he had taken the same position that I took last night in regard to this matter as to the distinction between a general appropriation bill and a special appropriation bill. I was also pleased to learn that he took the position that a point of order which sought to require that the bill then under consideration should go to the Appropriations Committee was not well taken, and objected to it, and that he was sustained by the then Presiding Officer of the Senate.

Mr. President, in closing the discussion tonight, I again want to thank Mr. Watkins and Mr. Riddick, the two parliamentarians, for the research work they did in the preparation of this memorandum at my request. I assume full responsibility for making the request, and the RECORD should show they were carrying out that request and that this was not in any way any voluntary involvement on their part in the debate which occurred.

I want to thank them very much for this very helpful, expert service. They simply carried out the obligation to me that they would owe to any other Senator who made a similar request. I want to thank them very much for their help.

May I have the attention of the Senator from California? Unless the Senator from California wishes to raise any matter, I am about to move that the Senate stand in adjournment in accordance with the previous order agreed upon.

Mr. KUCHEL. I have nothing.

Mr. PROXMIRE. Mr. President, I should like to speak to a different subject.

Mr. MORSE. Very well.

WHY SMALL BUSINESS INVESTMENT COMPANIES HAVE BEEN SLOW IN GETTING STARTED, AND WHAT CAN BE DONE ABOUT IT

Mr. PROXMIRE. Mr. President, this is the second in the series of brief periodic reports I am making, in response to the suggestion of other Senators, on hearings before the Subcommittee on Small Business of the Committee on Banking and Currency. These hearings began on June 22 and were continued on June 29, 30, and July 1.

The prime interest in these hearings by other Senators has been provoked by a widespread feeling that the program has been far too slow in getting started. Senators want to know why this is. They want to know what can be done about it. During the hearings we explored these questions with the witnesses, and got their views on the impediments to the program and their suggestions for improvements.

I made the first such report on Tuesday, June 23, on the testimony of the

administration witness. Today's report refers to the testimony of persons and organizations who have formed or attempted to form small business investment companies under the Small Business Investment Act of 1958.

During the 3 days of hearings, the subcommittee heard 13 witnesses representing 10 small business investment companies, formed or in the process of being formed. We also heard representatives of the National Association of Small Business Investment Companies and the Association of Registered Bank Holding Companies. In addition, in response to my invitation, we have received communications for the record of these hearings from 16 others.

Most of the witnesses support the view that one of the greatest needs of small business is a system which will provide access to sources of equity financing. They support the thesis that the basic approach of the Small Business Investment Act of 1958 was a sound one offering great promise of filling this need.

VARIETY OF SMALL BUSINESS INVESTMENT COMPANIES FORMED UNDER THIS ACT

One of the most interesting aspects of the hearings so far has been the wide variety of types of small business investment companies in the process of formation or already licensed under the act. They range in size from the minimum capitalization of \$300,000 to as large as \$17 million. Their method of financing ranges from private financing by very few persons to a nationwide stock offering. Some are affiliated with banks or bank holding companies, and one represents the combined efforts of a bank and a large investment banking company. Some have depended upon the Small Business Administration for a substantial proportion of Government funds. Others have required no Government funds at all.

Some companies will have a very small management staff. Others will have a large number of experts in business, economics, accounting and engineering. Others will depend upon affiliated organizations for expertise. Some will operate from one location. Others envisage a number of offices throughout the country.

Some companies contemplate making only long-term loans. Others hope to concentrate on a variety of equity financing methods. Some companies will devote their capital to the development of small business concerns in a given area, depending upon diversification within that area as a means of balancing their portfolios. Others expect to concentrate on a given industry, but to depend upon geographical diversification.

Some companies apparently are motivated primarily by a sense of public service. Others, no doubt, are influenced by what they deem to be good public relations. Others are obviously motivated primarily by a desire to profit, some directly, others indirectly.

WHY PRESENT PROGRAM HAS MOVED SLOWLY

Many witnesses testified that the wide variations in capital structure, organization and policies make it necessary to use many different methods of pro-

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of July 6, 1959
86th-1st, No. 112

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HIGHLIGHTS: House debated resolution to disapprove Reorganization Plan 1 on forest land authorities. House committee reported bill to modify and enact the Plan. Senate debated mutual security authorization bill. Senate subcommittee voted to report public works appropriation bill. Rep. Johnson, Wis., introduced and discussed bill to transfer administration of School Lunch Act to HEW.

HOUSE

1. **FORESTRY; REORGANIZATION.** Began and concluded debate on H. Res. 295, to disapprove Reorganization Plan No. 1 of 1959 which would transfer from Interior to this Department certain authorities for the exchange or sale of forest land and timber (pp. 11603-09). A vote on the measure was postponed until today, July 7 (p. 11609).

The Government Operations Committee reported, on July 3, with amendment H. R. 7681, to enact the provisions of Reorganization Plan No. 1 with amendments (H. Rept. 633) (p. 11614). Rep. Brown, O., protested against the Committee reporting the bill without public hearings, and stated that he had checked with Agriculture, Interior, and the Budget Bureau, and had been informed that they had not been requested by the Committee to testify on the bill (pp. 11604-5). Rep. Dawson, Ill., stated that H. R. 7681 will be brought up for consideration at a later date (p. 11609).

Passed as reported H. R. 3682, to permit the processing of certain applications under the Small Tracts Act for lands included in the Caribou and Targhee National Forests by the act of August 14, 1958. p. 11577

2. RESEARCH. Passed with amendments H. R. 6436, to amend the Federal Insecticide, Fungicide, and Rodenticide Act so as to include nematocides, plant regulators, defoliants, and desiccants. pp. 11576-7
3. WILDLIFE; SURPLUS.. GRAINS. Passed over, at the request of Rep. Pelly, H. R. 7631, to make permanent the act of July 3, 1956, authorizing Interior to requisition low-quality grain from CCC for use in the prevention of waterfowl depredations. p. 11577
4. PERSONNEL. Passed as reported H. R. 7577, to provide for the defense of suits against Federal employees arising out of their operation of motor vehicles in the scope of their employment. p. 11578
Passed as reported H. R. 6059, to provide additional civilian positions in the Defense Department for scientific research and development. p. 11583
5. MONOPOLIES. Passed under suspension of the rules S. 726, to amend the Clayton Act so as to provide for the more expeditious enforcement of cease and desist orders issued under the act (pp. 11592-99). Rep. Celler stated that under the bill "Clayton Act cease and desist orders will become final and conclusive 60 days after issuance unless the respondent seeks judicial review. In the event that judicial review is sought, the cease and desist. order will become final when affirmed by the court" (p. 11593). The "Daily Digest" states that the bill was passed with amendment (p. D569).

SENATE

6. MUTUAL SECURITY. Continued debate on S. 1451, the mutual security authorization bill for 1959. pp. 11539-47, 11548-65
7. PERSONNEL. Passed as reported H. R. 6134, to amend the Federal Employees Pay Act of 1945 to eliminate the authority to charge to certain current appropriations or allotments the gross amount of the salary earnings of Federal employees for certain pay periods occurring in part in previous fiscal years. p. 11529
Passed as reported S. 1495, to consolidate and revise the laws relating to employment of aliens in the several States and D. C. p. 11529
Passed over, at the request of Sen. Keating, S. 2162, to provide a health benefits program for Government employees. p. 11536
8. WATER; RECLAMATION. Passed over at the request of Sen. Keating S. 281, to authorize the Secretary of Interior to construct, operate, and maintain a re-regulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho. pp. 11529-30
Received from the Illinois Legislature a resolution urging Congress to defend and preserve the water rights of the States and individuals. p. 11510
9. PUBLIC WORKS APPROPRIATION BILL FOR 1960. A subcommittee of the Appropriations Committee voted to report to the full committee this bill, H. R. 7509. p. D568
10. TRANSPORTATION. Passed as reported S. 1509, to amend the Interstate Commerce Act as amended to provide for "grandfather" rights (preference rights for certain carriers operating in the past) for certain motor carriers and freight forwarders in Alaska. pp. 11524-6

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

BACKGROUND

In 1956 the Congress established two new and important programs in the field of health services. One of these was a program for the graduate training of professional public health personnel; the other was a program for the advanced training of professional nurses. At that time the Committee on Labor and Public Welfare pointed out that from a high of over 900 persons trained in public health in 1947, there had been a drop to only 400 persons trained in 1955. This decline was even more disturbing for it occurred in the face of a greatly increased demand for personnel trained to cope with the health problems of our growing population, to put new research discoveries into operation, and to resolve new problems in the field of public health such as those involving air pollution and the disposal of radioactive waste products.

At the same time, the committee reported that the Nation was faced by an acute shortage of nurses qualified by advanced training to fill key administrative and supervisory positions in over 6,000 hospitals and 4,000 public health nursing agencies located throughout the Nation.

The programs recommended in 1956 to help cope with these situations were limited to 3 years, and during that time the Surgeon General was required to call conferences broadly representative of the groups interested in and informed about the training of public health and nursing personnel. The conferees were charged with the responsibility of carefully reviewing the effectiveness of the traineeship programs, evaluating their worth and recommending to the Congress as to the desirability of continuing, modifying, or abolishing the traineeship programs. Those conferences have been held. Each conference group has reported its findings and recommendations to the Congress. The conferees unanimously declared that the programs have proved most effective, have brought a halt to the decline in the numbers of people seeking advanced training in these essential fields and have initiated a reversal of that trend. They were unanimous in recommending that the programs be continued. The conferees expressed the hope that in view of the demonstrated values of the programs to the country the Congress would be prompt to extend them.

Under these programs more than 1,000 individuals were trained in public health during the fiscal years of 1957 and 1958. More than 1,800 graduate nurses have received advanced training. Despite these fine results, however, because of our increasing population and because of the emergence of new problems, we are not only not keeping pace with the constantly expanding need for such highly trained personnel, but we are even losing ground. The committee believes, therefore, that these programs must be continued. For these reasons the committee unanimously recommends the passage of S. 731 which would extend the life of each of these programs for 5 years.

THE BILL

Titles I and II of Public Law 911 of the 84th Congress, which provide for the graduate training of professional public health personnel and for the advanced training of professional nurses, expire on June 30, 1959. S. 731 simply extends the life of these two programs to June 30, 1964.

The bill follows the pattern of the original legislation in requiring the Surgeon General to call conferences broadly representative of the professional and training groups interested in and informed about the training of professional public health personnel and those interested in and informed about the

advanced training of professional nurses. Again as in the case of the original legislation, the Surgeon General is required to submit reports on those conferences to the Congress.

The committee gave consideration to the recommendation of the Department of Health, Education, and Welfare that those provisions of the bill calling for a conference in each field and a report thereon to the Congress be set forth in the form of an authorization rather than a requirement. We are of the opinion that the Congress should have the advice and guidance of outside experts with respect to the desirability of continuing, strengthening, or otherwise modifying the programs in the light of such new developments as may occur or of such new knowledge as experience may confer.

The bill calls for the holding of a conference on such program between June 30 and December 1, 1963, and it requires the Surgeon General of the U.S. Public Health Service to submit to the Congress a report on each conference on or before January 1, 1964. The bill specifies a 5-month period in which to hold these conferences only because currently unforeseeable conditions might make it impossible or impracticable to call conferences in June of 1963. The committee expects that, in the absence of such conditions, the conferences will be held as soon as possible after June 30, 1963, and the reports thereon will be promptly transmitted to the Congress so as to permit ample time for consideration of the reports prior to the meeting of the Congress in January 1964.

The PRESIDING OFFICER. Is there objection to the request for the present consideration of the bill?

There being no objection, the bill (S. 731) to extend certain traineeship provisions of the Health Amendments Act of 1956, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 306 of the Public Health Service Act (42 U.S.C. 242d) is amended (1) by striking out the word "two" in subsection (a) thereof and inserting in lieu thereof the word "seven"; and (2) by inserting at the end of subsection (e) thereof the following: "The Surgeon General shall, between June 30, 1963, and December 1, 1963, call a similar conference, and shall submit to the Congress, on or before January 1, 1964, a report of such conference, including any recommendations by it relating to the limitation, extension, or modification of this section."

SEC. 2. Section 307 of the Public Health Service Act (42 U.S.C. 242e) is amended (1) by striking out the word "two" in subsection (a) thereof and inserting in lieu thereof the word "seven"; and (2) by inserting at the end of subsection (e) thereof the following: "The Surgeon General shall, between June 30, 1963, and December 1, 1963, call a similar conference, and shall submit to the Congress, on or before January 1, 1964, a report of such conference, including any recommendations by it relating to the limitation, extension, or modification of this section."

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MUTUAL SECURITY ACT OF 1959

Mr. MANSFIELD. Mr. President, I ask that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. Without objection, the Chair lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment, submitted by the Senator from Louisiana [Mr. ELLENDER] on page 13, line 23, to strike out "\$1,600,000,000" and to insert in lieu thereof "\$1,050,000,000."

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. Am I correct in understanding that even though the unfinished business is the Mutual Security Act, no votes on that measure will be taken today, but that under the unanimous-consent agreement, voting on that measure will begin tomorrow?

The PRESIDING OFFICER. The Chair wishes to state that there is no agreement on record to the effect that no votes on the pending bill will be taken today.

Mr. MANSFIELD. A further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Is there anything in the RECORD which would indicate that amendments considered tomorrow will be allocated a certain amount of time and voted on tomorrow?

The PRESIDING OFFICER. There is nothing in the RECORD on that point, but it is customary that following debate on an amendment, a vote is usually taken following a quorum call.

Mr. MANSFIELD. I think it ought to be said, for the benefit of those who may be under the illusion that there will be no votes today, that there will be no votes today insofar as it is possible not to have them, because it was understood, I believe, that the voting will really start tomorrow. I make that statement for the RECORD.

The PRESIDING OFFICER. The Chair wishes to state that was a gentlemen's agreement, and there is no statement on the RECORD to that effect.

Mr. MANSFIELD. I am sure it will be adhered to.

Mr. GRUENING. Mr. President, I had expected to bring up and speak to an amendment to the Mutual Security Act on Thursday, and to ask for the yeas and nays; but with the welcome change in plans provided by the leadership to permit numerous Senators to keep their Independence Day commitments—and I might point out it was an Independence Day of unusual significance—the presentation of amendments for which yeas and nays votes would be required was deferred until tomorrow, July 7. Because of the limitation of time and because I have been informed that a number of Senators desire to speak on behalf of this

amendment, I think it wise to make my remarks on the amendment today and leave what time may be available tomorrow to the cosponsors and other Senators.

Likewise, having my plea for this amendment made today and printed in the CONGRESSIONAL RECORD will give more Members of the Senate the opportunity to appraise its objectives, which I am hopeful they will do.

Mr. President, last week the Senate Committee on Foreign Relations reported its recommended version of the Mutual Security Act of 1959—S. 1451. As reported, the bill would authorize appropriations in a gross amount of \$3,164,820,000 for the next fiscal year and, in addition thereto, would authorize borrowing from the Treasury for the Development Loan Fund at the rate of \$1 billion a year for the next 5 years. This is more than \$264 million more than requested by the administration.

Some time ago, during the committee hearings on this bill, I appeared before the committee and urged that the bill be amended to require the submission of firm budgets for the foreign aid program and adherence to those budgets by the administering agencies.

I am pleased that a number of my colleagues have joined with me in cosponsoring this amendment. The distinguished list of cosponsors are: the senior Senator from Colorado [Mr. ALLOTT], the senior Senator from Alaska [Mr. BARTLETT], the senior Senator from Virginia [Mr. BYRD], the junior Senator from West Virginia [Mr. BYRD], the junior Senator from Nevada [Mr. CANNON], the senior Senator from New Mexico [Mr. CHAVEZ], the senior Senator from Illinois [Mr. DOUGLAS], the senior Senator from South Carolina [Mr. JOHNSTON], the senior Senator from Tennessee [Mr. KEFAUVER], the senior Senator from North Dakota [Mr. LANGER], the junior Senator from Wyoming [Mr. MCGEE], the senior Senator from Oregon [Mr. MORSE], the junior Senator from Utah [Mr. MOSS], the junior Senator from Maine [Mr. MUSKIE], the junior Senator from Oregon [Mr. NEUBERGER], the junior Senator from Wisconsin [Mr. PROXMIRE], the senior Senator from West Virginia [Mr. RANDOLPH], the junior Senator from Georgia [Mr. TALMADGE], and the junior Senator from Ohio [Mr. YOUNG].

To adopt the very words of the distinguished chairman of the Committee on Foreign Relations when he was reporting S. 1451, this amendment "is supported by Senators from the West, the North, the South, and the East. These are Republicans and Democrats representing both the conservative and liberal wings of each party."

Nevertheless, the Committee on Foreign Relations, in reporting S. 1451, did not see fit to include the simple amendment which we had proposed.

Instead it countenanced the continuation of the practice of submitting illustrative budgets—budgets to which the administering agencies need not adhere.

The committee did voice some dissatisfaction with the information—or lack of information—before the Con-

gress when it is called upon to arrive at intelligent decisions as to the sums which it will authorize to be appropriated for foreign aid. The changes recommended by the committee, however, do not go to the heart of what I consider a basic defect in the manner in which these programs are permitted to operate.

That defect is the delegation by the Congress to the Executive of its constitutional prerogatives with respect to the appropriation of Federal funds.

The Constitution is clear on this point. It provides:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

It is my belief that it was not the intention of the Founding Fathers that the Congress could discharge this duty and responsibility of appropriating funds through the use of blank check legislation. To contend as much is to write off the entire congressional function in the appropriating process and to make a nullity of the cited provision of the Constitution.

Why interpose the Congress between the Executive and the Treasury if it is not clearly determined for what specific purposes public funds are to be utilized? And yet, when one cuts through the welter of words contained in the overly classified presentation books, in the reports of the hearings held before the substantive committees of both Houses, in the committees' reports and in the bill itself, it is obvious that the more than \$4 billion which this bill would authorize to be appropriated can be spent for any purposes seen fit by the Executive.

The amendment 6-3-59—A which I proposed to the committee, and which I shall present tomorrow, would simply apply the same budgeting and accounting procedures to the foreign aid program as are applicable to the domestic programs for which Congress also appropriates funds under the same constitutional prohibition.

It is difficult for me to comprehend why all this resistance to such a proposal.

In commenting on my proposal, the administration stated in part:

While highly detailed and specific, the executive branch considers it of paramount importance that the proposed programs be and remain illustrative. The mutual security program is by its legislation a major instrument in carrying out U.S. foreign policy. In order to achieve maximum effectiveness it must be a flexible and adaptable instrument. To require that funds be obligated only for the programs proposed to the Congress would render the mutual security program largely incapable of meeting the needs and challenges throughout the world which arise in the fiscal year at least 6 to 8 months after the proposed programs have been prepared by the executive branch.

In order that my colleagues may have before them the amendment thus criticized, I ask unanimous consent that it be printed at this point in my remarks.

There being no objection, the amendment intended to be proposed by Mr. GRUENING for himself and other Sena-

tors, was ordered to be printed in the RECORD, as follows:

SEC. 402. In section 537(f), relating to presentation of authorization and appropriation requests, insert before the period: "Provided, That within ninety calendar days after the enactment of the Act making appropriations for the fiscal year 1960 for carrying out the purposes of this Act there shall be submitted to the Committees on Appropriations of the House and Senate detailed budgets on a country by country basis setting forth, with respect to military assistance, defense support, technical cooperation, and special assistance, the specific purposes in detail by amounts for which the funds available will be obligated during the fiscal year 1960, and such funds shall be available only for the purposes thus specified: *Provided further*, That during the annual presentations to the Congress of requests for authorizations and appropriations under this Act for the fiscal year 1961 and subsequent fiscal years, there shall be submitted detailed budgets on a country by country basis setting forth, with respect to military assistance, defense support, technical cooperation, and special assistance, the specific purposes in detail by amounts for which the funds requested and to be available will be obligated during the fiscal year for which such presentation is made."

Mr. GRUENING. Mr. President, what is the basic criticism of this amendment by the administration? It is that, if the amendment shall be adopted, the program will no longer be flexible and adaptable.

The administration is saying something further, however. It is saying that when it asks the Congress in January—in the President's budget message—for \$1.6 billion for military assistance, for \$835 million for defense support, \$211 million for technical cooperation, and \$271 million for special assistance—it cannot at that time tell the Congress the specific purposes for which these funds will be expended beginning 6 months thereafter.

Appreciating that contingencies might arise, our amendment would still permit a 10 percent shift—our amendment would not touch the President's contingency funds. But it did seem entirely reasonable to request firm budget justifications for 90 percent of the programs and that the administering agencies be required to adhere to the budgets presented.

How else can the Congress intelligently and knowingly appropriate funds?

How much more flexibility is needed?

I intend to examine on the floor of the Senate, as we debate the proposed Mutual Security Act of 1959, the need for such a great amount of flexibility and what some of the results of such flexibility have been.

Today I would briefly discuss the need for flexibility with respect to the foreign aid program in Laos, to take merely one example out of many.

On the 15th of June of this year the House Committee on Government Operations issued its seventh report of this Congress. This one dealt with U.S. aid operations in Laos. It is replete with examples of why we should not permit the foreign aid program to continue any longer to operate with flexibility.

I cite as one example the matter of the pay raises for the Army of Laos where a chief of mission, acting directly contrary to the expressed instructions he had received from Washington, committed the American taxpayer to an added \$1 million annually for the continued support of an army of Laos.

As to the support of the army of Laos in any way, it should be noted that the committee states:

U.S. support of a 25,000-man army, of the entire military budget, and of segments of the civilian economy is, in fact, based on a political determination, made by the Department of State contrary to the recommendations of the Joint Chiefs of Staff. In Laos, the only country in the world where the United States supports the military budget 100 percent, military judgments have been disregarded.

This is merely by way of background. The facts are that in 1955, shortly after the United States underwrote the Laos military budget, the 25,000-man army received a raise of \$2,800,000 per year. In January of 1959, less than 6 months ago, another raise of \$1 million a year was put through.

I ask unanimous consent to have inserted at this point in my remarks the findings of the House committee as to who authorized this increase.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

[Excerpt from H. Rept. No. 546, June 15, 1959]

U.S. AID OPERATIONS IN LAOS

ARMY PAY RAISES

It has been noted earlier in this report that the most significant single item in the U.S. aid program for Laos was the Lao military budget (defense support) accounting for about \$30 million a year. Of this total budget, \$15 million was accounted for by pay and allowances for the Lao troops.

When the subcommittee first inquired about the subject of army pay, in an effort to determine whether it was reasonable, and in line with the pay of other armies in the area, the executive branch advised that the pay scale of the Lao Army had been inherited from the French.

This was misleading. In fact, a pay raise amounting to \$2,800,000 a year was set by the Royal Lao Government in early 1955, shortly after the inception of the aid program, and a second pay raise costing \$1 million a year was put through in January 1959.

The Department of Defense was aware of the 1959 pay raise, and made available to the subcommittee substantial information concerning it. So far as the 1955 pay raise is concerned, however, the subcommittee is unable to determine whether the Congress was deliberately deceived or whether, as some executive branch witnesses have indicated, they were in fact unaware of this pay raise until it was brought to their attention by the subcommittee. (The subcommittee's information was obtained from executive branch documents.)

On at least two earlier occasions the executive branch had been asked by the Congress about Lao Army pay, and on each occasion an incorrect reply was made.

Ambassador J. Graham Parsons, testifying before a subcommittee of the House Appropriations Committee on June 11, 1958, stated:

"The figure, of course, is based upon the salary levels, the wage levels, set by the French when they organized the army and were paying the army."

A year before, on June 4, 1957, Director John Hollister, of the ICA, had told the Senate Foreign Relations Committee:

"The price of running all the armies in the Indochinese countries is way out of line, in our opinion. The difficulty is in trying to stop it. They were paid on that basis by the French."

The circumstances surrounding the 1955 pay rise are difficult to determine at this late date, and apparently no one in the executive branch was sufficiently concerned at the time to piece the story together. So far as can be determined, the 1955 raise, amounting to \$2.8 million, was put into effect by the Royal Lao Government without any consultation with U.S. aid officials. Presented with an accomplished fact, the United States simply acquiesced. At the date of this writing, this acquiescence has so far cost the U.S. taxpayer some \$10 million.

The circumstances of the 1959 pay raise are known in more detail, but there is an absence of complete agreement as to what interpretation is to be given to the known facts. The facts follow, insofar as they have been established.

On August 31, 1958, Ambassador Horace Smith cabled the Department of State a request that he had received from the Royal Lao Government: Would the United States look favorably upon a pay raise for the Lao Army?

State's answer, dated September 5, was "no." The reply also pointed out that such a raise could have an inflationary effect, just at the time when monetary reform was coming into being; it was suggested that a pay raise might be considered in the future, "after a reasonable lapse of time, if monetary reform causes price rises, which it is not expected to do."

A cable to CINCPAC¹ dated December 10, 1958, again opens the pay raise, question and recommends that it be granted, provided that the Lao Army could still stay within the established budget ceiling. CINCPAC forwarded this recommendation to Washington on December 20, 1958, with an affirmative endorsement. There was introduced into the picture at this point a suggestion which the subcommittee considers highly improper. This was the suggestion that this extra million dollars be charged against the U.S. military assistance program rather than against defense support, for which a ceiling had been established.

On January 7, 1959, a Department of State cable (approving officer, J. Graham Parsons) advised CINCPAC and the country team² once again that no pay raise would be approved, citing the inflationary danger and adding that the army was already the highest paid group in Laos.

This led to a flurry of cables, from which the following appears. The Lao Government had already announced the pay raise, on January 5. They had done so on the basis of statements from the Chief, Programs Evaluation Office³ that the pay raise would be acceptable, provided that the overall ceiling was not exceeded.

The Chief, PEO, justifies his position on the basis that in prior years, CINCPAC approval of the military budget had been tantamount to Washington approval, and that Washington had never before commu-

nicated either approval or disapproval directly to him.

On January 12, 1959, State and ICA communicated to field officials their continued disapproval of the pay raise in principle, but acquiesced in it on the basis of commitments already made.

Wherever the responsibility for this pay raise lies, and the exact fixing of responsibility is an almost impossible task (as in so many other phases of the foreign aid program), it is costing the U.S. taxpayer another \$1 million a year.

It is unfortunate that expenditures of this magnitude can, like the 25,000-man army itself, just grow, almost without the conscious intention or attention of any U.S. official.

Mr. GRUENING. Let us examine closely the timetable involved.

On August 31, 1958, Ambassador Smith cabled the Department of State asking for departmental reaction to a Royal Lao Government request for a pay raise for the army. Five days later, on September 5, 1958, he received his answer which was "No."

The State Department's negative answer came just 3 days after the President of the United States had pocket vetoed the Federal Airport Act extension and a day before the President was to veto the Area Redevelopment Act. Apparently the President's views on economy in domestic programs had been mistakenly taken by the State Department to apply to foreign programs as well. If the President's views had been mistaken in Foggy Bottom they were not so mistaken in Laos.

Three months later, on December 10, 1958, a cable was sent by the Lao mission to the commander in chief, Pacific, reopening the pay raise question. This was forwarded to Washington with a recommendation by the commander in chief, Pacific, that the pay raise be granted.

Almost a month went by.

In the meantime the 86th Congress met on January 7 and on the same day the Department of State again wired the mission in Laos that pay raises for the army of Laos were not to be approved. There must have been some embarrassed people in the Department when it was learned that 2 days before—on January 5—the Lao Government had approved and publicly announced the pay raise. It had done so with the approval of the head of the U.S. mission to Laos. Yet the head of that mission had acted in the face of the telegram from the State Department of September 5, 1958, refusing to permit the pay raise, which is totally underwritten by U.S. aid funds and which has cost the American taxpayers an additional million dollars, and will continue to cost us that amount annually.

I cite this as merely one example, Mr. President—and I can as the debate continues cite more—to illustrate the need for the affirmation by the Congress of its power over the purse.

The administration states that the program will not attain its purpose if it must adhere to budgets presented to the Congress.

¹ Commander in Chief, Pacific, who is the level of command intermediate between the country team and Washington.

² The country team is a group of senior U.S. officials in each country, headed by the Ambassador, which joins in reviewing and submitting the annual country program to Washington.

³ That section of the USOM charged with administering the military budget.

Let us test this against the Lao pay raise case.

When the Congress was considering the Mutual Security Act for 1958 in the early months of 1958 was it told about a million-dollar pay raise for the army of Laos? Obviously it could not have been so told because up until January 7, 1959, it was the position of the Department of State that such a raise should not be agreed to.

It would appear, Mr. President, that the reason why the amendment we propose is so strongly resisted is because control of the program no longer resides in Washington but is scattered throughout the world. Not only has the Congress lost control over the spending under the foreign aid program, but officials of the Departments of Defense and State and of the International Cooperation Agency have delegated authority to approve expenditures of sizable sums of money to mission heads wherever they may be.

When the head of a mission, in the face of contrary instructions from his superiors, can commit the U.S. Government to the expenditure of a million dollars annually, it is my opinion that the time has come to pull in the reins and subject the expenditure of funds under this programs to the same controls as are exercised over funds expended for domestic programs.

This kind of an operation as it has been going on equates flexibility with laxity.

The distinguished chairman of the Foreign Operations and Monetary Affairs Subcommittee of the other body has stated very cogently:

The basic information this year is contained in seven volumes of printed material with upwards of a thousand pages of graphs, charts, and narrative, and I am told that there is another volume on its way. As an exhibit of comple bookkeeping it is impressive; but as a document upon which to make an intelligent evaluation of the mutual security program it is hopeless.

Having seen much of this documentation, I am inclined to agree with this evaluation.

But the basic point is this: No matter how detailed a presentation is made—no matter how many facts and figures are cited—the presentation is in reality only a generalization of where the program has been and not a commitment of where the program is going.

In this it violates every basic rule governing the presentation of budget data to the Congress with respect to our domestic programs.

Illustrative budgeting does not represent congressional control over the appropriating process. Rather it is a delegation by the Congress to the Executive of the appropriating power. It results in too many people wandering around the world with too many blank checks on the U.S. Treasury which, apparently, they can make payable at any time to whom and for what they see fit.

More than a million-dollar pay raise for the men of the army of Laos is involved.

The question is as to the expenditure of billions of dollars of tax funds with

inadequate congressional guidelines and controls.

Mutual security funds available for expenditure in fiscal year 1959 amounted to \$8,766,343,107. It is estimated that there will remain available for expenditure at the close of this fiscal year \$4.7 billion. Add to this the sum of \$3.1 billion recommended by the committee plus the \$1 billion for the Development Loan Fund—now \$750 million—and we have a situation where we are being asked to place into the hands of those administering the foreign aid program some \$8.55 billion. Are we justified in placing the expenditure of such a large sum in the hands of the Executive without being told in advance on what it will be expended and without requiring rigid adherence to such a plan of expenditure?

The distinguished and able junior Senator from Montana has proposed that hereafter programs of military assistance shall be budgeted so as to come into direct competition for financial support with other activities and programs of the Department of Defense.

I shall support that amendment. However, the 20 Senators sponsoring our amendment would go still further and extend that competition to the other areas of foreign aid. In order to do so it is necessary that there be firm budgets submitted and adhered to so that we can determine whether the proposal to spend a hundred million dollars for a dam in some country might be deferred and the hundred million dollars spent on a dam in this country. That decision—which is the one we should be making—can only be made if we have all the facts and if they are firm, not illustrative, facts.

With those facts in front of us perhaps our decision would be that it is necessary to spend a hundred million dollars for the dam in the foreign country and for the dam at home. But unless we are given firm facts we cannot so determine.

This much we can determine, Mr. President. If the United States is to remain strong and free it must not short-circuit the constitutionally established appropriating procedures. Neither must it short change domestic programs for those abroad on the commitment of some minor official in a far-off land who does not have the overall picture.

I therefore will bring up my amendment designated 6-3-59—A tomorrow, and I hope for as much support as possible for it from my colleagues. Mine is not an anti-foreign-aid amendment. Neither is it a pro-foreign-aid amendment. It is an amendment designed to restore to the Congress its traditional control over appropriations.

The Constitution recognizes and the Senate has traditionally exercised a special role in the conduct of foreign affairs. Its two chief functions—the ratification of treaties and the confirmation of the nominations of the Secretary of State, Under Secretaries, and Assistant Secretaries of State, Ambassadors and Foreign Service officers—have been functions in the nature of checks upon the power of the Executive to conduct foreign relations.

But contrasted with the magnitude and importance of the mutual security program, which is really an innovation and radical departure from the historically established conduct of our foreign relations, the Senate's role in the constitutionally provided participation in foreign policy has been slight indeed.

It has been a long time since the Senate refused to ratify a treaty or confirm the nomination of an ambassador. It almost never happens. The Senate's role in these two prescribed areas has become perfunctory and routine.

But in the years since the last war, we have come to use American dollars as a massive diplomatic instrument. Indeed, this new financial mechanism has come to supersede and outclass all other diplomatic instrumentalities.

The Senate has a role to play in this new international financial mechanism. It cannot but assert that role to the full extent of its constitutional responsibilities.

The amendment we propose would enable the Senate to do so.

Mr. MOSS. Mr. President, will the Senator yield?

Mr. GRUENING. I will yield in a moment to the Senator from Utah.

For I have, just today, and after the preparation of my remarks, received an opinion on this amendment from the Comptroller General of the United States, who has, as the Members of this body know, made many suggestions in the past concerning the manner in which budgetary controls over the foreign-aid program should be established. The Comptroller states that—

This office is in accord with the objectives of your amendment. In connection with our examination of nonmilitary assistance under the mutual security program, we have expressed on several occasions our concern over the use of illustrative-type budgets by the executive branch and have recommended firmer and more specific programs for all plannable activities authorized under the mutual security legislation. Also, we have consistently advocated more meaningful presentations of proposed programs and a clear accounting for funds previously authorized and appropriated by the Congress.

That is the way the Comptroller General of the United States feels on the subject of the amendment.

In order that the comments of the General Accounting Office concerning this problem of fiscal management may be available for purposes of this debate, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD, at the close of my remarks, the full text of the Comptroller's opinion. Together with this, I ask unanimous consent to have printed an analysis of the opinion which will clarify certain references in it to our objectives in offering this amendment.

There being no objection, the opinion and analysis were ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, July 2, 1959.

HON. ERNEST GRUENING,
U.S. Senate.

DEAR SENATOR GRUENING: This communication is in response to your request of May 21, 1959, for our comments regarding your

proposed amendment of section 537(f) of the Mutual Security Act of 1954, as amended. Our comments herein summarize those previously expressed by representatives of this office during a discussion with members of your staff on June 4, 1959.

We understand that the principal objective of the amendment is to strengthen congressional control over mutual security funds by requiring the responsible executive agencies to follow closely the program proposals which are presented to the Congress as the basis for authorizing and appropriating funds. The proposed amendment seeks to eliminate the illustrative type of budget presentation and replace it by firm and definitive budgets which are binding on the executive agencies charged with carrying out the mutual security program, and thereby to minimize deviations from proposed program plans.

This office is in accord with the objectives of your amendment. In connection with our examination of nonmilitary assistance under the mutual security program, we have expressed on several occasions our concern over the use of illustrative-type budgets by the executive branch and have recommended firmer and more specific programs for all plannable activities authorized under the mutual security legislation. Also, we have consistently advocated more meaningful presentations of proposed programs and a clear accounting for funds previously authorized and appropriated by the Congress.

On the other hand, because of the special role of the mutual security program as an instrument of U.S. foreign policy and a protection of U.S. security interests, we have considered it necessary to recognize, within reasonable limits, the need for flexibility in carrying out program plans and allow for changes which affect the nature and size of planned activities. Thus, we have not deemed it appropriate to recommend a legislative requirement which would hold the executive branch responsible for strict adherence to its budget plans.

Regardless of our own position in the matter, we believe that it involves a question of policy which is for the Congress to decide, and we desire to assist you in any possible way in formulating a workable amendment which would accomplish the objectives expressed by you. We have given considerable thought and study to your proposal and offer the following comments for your consideration.

BROAD USE AND TRANSFER AUTHORITY

A major obstacle to accomplishing the objectives of your amendment and an encouragement to illustrative-type program presentations are the broad powers conferred upon the President in the basic authorizing legislation.

Section 451(a) of the Mutual Security Act of 1954, as amended, authorizes the President to use up to \$150 million of the funds made available under the act, in addition to \$100 million of the President's contingency fund provided under section 451(b), without regard to the requirements of the mutual security legislation, when the President determines that such use is important to the security of the United States. A limitation of \$30 million is placed on the amount which may be allocated under this authority to any one nation in any fiscal year.

Section 501 of the act authorizes the President to transfer up to 10 percent of the funds made available pursuant to any provision of the act and use such funds for any other purposes of the act whenever the President determines such transfer to be necessary for the purposes of the act. A limitation of 20 percent is placed on the amount by which the benefiting activity may be increased as a result of such transfers.

Under the above provisions, substantial amounts may be drawn from the funds appropriated for designated activities as set out in the program presentations to the congressional committees. Changes in funding pursuant to sections 451(a) and 501 complicate the accountability for the use of mutual security funds in terms of relating their utilization to the activities originally programmed and such changes hamper the development of a firm annual program.

In previous audit reports to the Congress, and in testimony before congressional committees, we have raised the question as to whether the broad use and transfer authority is still necessary and desirable because of the availability of substantial funds (\$155 million for 1959) in the President's contingency fund under section 451(b), together with the broad uses permissible in the categories of military assistance, defense support, technical cooperation, and special assistance.

According to the statement which accompanied your request, your amendment proposes to leave unchanged the transfer authority under section 501 to take care of unforeseen emergencies. To clarify this intent, it would seem that such reservation of the powers under section 501 should be specifically incorporated in your amendment. While little use has been made of section 501 in recent years, section 451(a) has been frequently utilized. To the extent that these sections continue to be invoked, the effectiveness of your proposed amendment will be reduced.

COMMENTS ON PROPOSED AMENDMENT

The proposed amendment to section 537(f) consists of two parts: (1) it requires, with respect to funds appropriated for fiscal year 1960, that the executive branch shall submit within 90 days after enactment of the appropriation legislation detailed budgets on a country-by-country basis, setting forth, for each of the four major program categories, the specific purposes in detail by amounts for which the appropriated funds will be obligated during fiscal year 1960; and such funds shall be available only for the purposes thus specified; (2) with respect to funds to be authorized and appropriated for fiscal year 1961 and subsequent years, the amendment requires that the executive branch submit detailed annual budgets on a country-by-country basis, setting forth for each of the four major program categories the specific purposes in detail by amounts for which the funds are requested and will be obligated in the respective fiscal year.

In commenting on the proposed amendment, we believe it appropriate to distinguish between economic assistance activities carried out by the International Cooperation Administration (ICA) of the Department of State and military assistance activities carried out by the Department of Defense. These two categories of assistance call for different programming and administrative procedures and therefore are separately discussed as follows.

Economic assistance

Economic assistance comprises the activities for which funds are authorized and appropriated in the mutual security legislation under the headings of defense support, technical cooperation, and special assistance. These activities have been presented in the annual requests for authorizations and appropriations of funds during the last few years in considerable detail, including a breakdown between project and nonproject assistance, lists of commodity categories and titles of individual projects to be financed, and setting forth cost elements for such items as commodities, contract services, technicians, and training programs.

Generally the amounts authorized and appropriated by the Congress for the several categories of assistance are different from the amounts proposed by the executive branch in the annual budget presentations. Also, since the proposed amendment is intended to require firmer and binding budget proposals by ICA, it seems advisable that the time at which the agency shall be bound by its budget plans should be as close as practicable to the time of actual implementation. For these reasons, the proposed requirement with respect to a binding operating budget for fiscal year 1960 offers a more workable and desirable plan than the proposed requirement of a binding budget presentation for 1961 and thereafter. Accordingly, it seems preferable that the first part of the proposed amendment, which calls for a detailed operating budget within 90 days after enactment of the appropriation legislation, be required not only for fiscal year 1960 but also each subsequent fiscal year. This broadening of the first part of the amendment would make unnecessary the second part which, it is suggested, be deleted.

From our meeting with members of your staff, we understand that your objective is, as a minimum, to prevent variations in the total amount of aid by countries from that presented in the detailed budget but to permit a measure of variation in the individual activities within a country program in order that the executive branch may have reasonable flexibility of action to meet unanticipated changes in the aid-receiving countries. We also understand that the detailed budgets referred to in your amendment are intended to be similar, as to breakdown by country, type of activity, and project identification, to the current annual program presentations to the Congress.

Based on the aforementioned considerations, we suggest that the proposed amendment be revised along the following lines:

"Within 90 calendar days after the enactment of the act making appropriations for the fiscal year 1960 and subsequent fiscal years for carrying out the purposes of this act, there shall be submitted to the cognizant committees of the House and Senate detailed budgets on a country-by-country basis setting forth, with respect to defense support, technical cooperation, and special assistance, the specific purposes in detail by amounts for which the funds available will be obligated during the respective fiscal year, and such funds shall be available only for the purposes thus specified. *Provided*, That this subsection shall not apply to funds affected by the use of sections 451(a) or 501 of this act, or to reasonable variations in the use of funds within a country for purposes other than those specified in the detailed budgets."

Military assistance

With respect to military assistance, we believe that the Department of Defense can provide, and generally is providing, in its annual budget requests the specific purposes in detail by amounts for which the funds are requested. However, the Congress normally has not placed specific limitations on a line item or similar basis on the funds requested by the U.S. military departments for procuring military equipment and supplies. It is our understanding that the proposed amendment does not seek to apply limitations of this nature to the military assistance program. If it is intended to prevent variations in the total amount of military aid by countries from that presented in the detailed budget, the language previously suggested for economic assistance could also be made applicable to military assistance. However, it should be recognized that under the present method of funding military assistance the military departments base their own financial plans

and appropriation requests on the amounts of reimbursements they will receive for supplies and equipment transferred to the military assistance program. If reduced requirements in one country program could not be used by the military departments to procure additional materiel for other countries, then the departments would have the alternatives either of continuing to deliver materiel no longer required by the first country or of securing less reimbursements from the military assistance program than were anticipated when their own appropriation requests were made. Under these circumstances, it is possible that one result of preventing variations in the total amount of aid by countries for military assistance would be that materiel would continue to be delivered in many cases even though the countries concerned had no current requirement for this materiel.

It is our further understanding that your amendment also is designed to correct the difficulty of relating annual program presentations to stated program objectives and of measuring program accomplishments from year to year without possessing information as to how firm each annual program is or what contribution it is expected to make toward achieving program objectives.

We have recommended in our reports on the military assistance program¹ that the Department of Defense should develop and present to the Congress the aggregate projected costs of equipping, maintaining, and modernizing allied military forces in the countries being supported and worldwide. Each annual appropriation request should show the total projected cost or ceiling for each country, the portion already funded, the portion requiring funds in the budget year, and the time-phased costs for carrying out the remainder of the program which will reflect the revisions in the total estimated costs which will have to be made from time to time. We believe that such information would provide the Congress with a more informed basis for appropriating funds and for reviewing program performance. With these data each appropriation request could be related to the estimated cost of the overall objectives that the United States is striving to achieve in the various countries being aided. The Congress could then take into consideration the resources already available from past appropriations in determining the amount of additional funds required to carry out each annual phase of the projected programs.

The Department of Defense has concurred in the desirability of developing costs of projected programs and has pointed out that its annual programs are based on requirements of several years ahead. Current instructions to the oversea agencies provide for summarizing projected program costs, and the proportion to be borne by the recipients and the United States. However, the budget justification submitted by the executive agencies for funds to carry out the 1960 military assistance program does not contain estimates of the projected costs of achieving U.S. objectives in the individual countries being supported, and so far as we are aware, the Department of Defense does not intend to include these data which it is developing in its annual budget justifications.

To achieve the aim mentioned above, we suggest that in amending section 537(f) of the Mutual Security Act of 1954, as amended, the following language be considered:

"During the annual presentation to the Congress of requests for authorizations and

appropriations of military assistance under this Act, there shall be submitted a clear and detailed explanation on a country-by-country basis of the force objectives toward the support of which such assistance is proposed to be furnished; the projected costs of equipping and the annual recurring costs of maintaining such force objectives, together with the estimated costs of present plans for modernizing such force objectives; an explanation of the degree to which such force objectives had been equipped, maintained, and modernized under programs already approved; the accomplishments to be achieved with the funds currently being requested, and estimates of the time-phased costs for carrying out the remainder of the program."

We trust that you will find the above fully suitable to your purposes and we shall be pleased to be of further service to you.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

ANALYSIS OF OPINION OF THE COMPTROLLER
GENERAL OF AMENDMENT TO S. 1451 PRO-
POSED BY SENATOR GRUENING

I am gratified to be informed that the Comptroller General of the United States is in accord with the objectives of the amendment I have proposed to the Mutual Security Act of 1959 having as its purpose the improvement of fiscal control over the foreign aid program. I commend the careful and well reasoned analysis of the General Accounting Office of my proposal. In view of the fact that the General Accounting Office has made a sustained study, over a period of years, of the very problems to which my amendment is directed, the comments of this Agency and its recommendations concerning certain other actions which could be taken to obtain congressional control over the foreign aid program are particularly valuable. The Comptroller's advice concerning other aspects of fiscal control, particularly with respect to the difficulties arising from the extraordinary authority granted to the President to transfer funds from one program to another is extremely valuable. In my judgment these comments concerning other aspects of the same problem do not change the need for firm budgetary controls by means of the submission of detailed budgets, as proposed in my amendment.

With reference to the text of the Comptroller's opinion, I wish to comment on certain statements concerning my objectives in introducing my amendment.

It appears to be the understanding of the General Accounting Office that, with respect to economic aid programs, certain variations in expenditures on programs within country budgets would be acceptable under terms of my amendment in order to provide the executive branch with reasonable flexibility. While I recognize the need for some flexibility in the administration of funds for the foreign aid economic assistance program, I believe this requirement is met by the authority for transfer of funds now available in sections 451 and 501, which is discussed in the Comptroller's opinion. Since this authority is available to the executive, it is my feeling, contrary to the impression given in this comment of the Comptroller General, that it is of even greater importance that expenditures be controlled, not only on a country-to-country basis, but that budgetary controls be established for programs within countries. In fact, a specific reason for the introduction of this amendment is that when funds are appropriated, for example, for the construction of a highway in Thailand, they should not be transferred, without some control by the Congress, to a project for the construction of a hydroelectric project in the same country. So long as a high degree of flexibility is now permitted under the transferability provisions, it is more than ever necessary that firm budgets be required and

that the program administrators conform their programs to those budgets.

Concerning the military assistance program and the understanding of the Comptroller General that "it is our understanding that the proposed amendment does not seek to apply limitations of this nature" (the placing of specific limitations on a line item or similar basis on appropriations for the procurement of military equipment and supplies) "to the military assistance program", I wish to emphasize that, on the contrary, it is my intention to require firm budgetary controls over military, as well as economic assistance programs. This being the case, I wish to call attention to the further comment of the GAO that "if it is intended to prevent variations in the total amount of military aid by countries from that presented in the detailed budget, the language * * * suggested for economic assistance could also be made applicable to military assistance."

Further, in connection with the military assistance program, I wish to endorse heartily the recommendation of the Comptroller General that "each annual appropriation request should show the total projected cost or ceiling for each country, the portion already funded, the portion requiring funds in the budget year, and the time-phased costs for carrying out the remainder of the program which will reflect the revisions in the total estimated costs which will have to be made from time to time."

I find myself in agreement that such a presentation of military aid requirements would be of great assistance to the Congress in evaluating the program and determining the need for additional funds.

Mr. MOSS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). Does the Senator from Alaska yield to the Senator from Utah?

Mr. GRUENING. I yield with pleasure to my distinguished colleague.

Mr. MOSS. Mr. President, I rise to support the amendment offered by the Senator from Alaska [Mr. GRUENING].

I am sure there is no doubt in the minds of anyone in this body that if a nationwide poll could be taken on foreign aid, the people of America would vote overwhelmingly for a reappraisal of our programs and policies.

Most Americans are tough-minded realists. I know most of the people from my State of Utah are. The majority of them recognize that foreign aid has been an effective instrument in combating communism. They are aware of the fact that for our own security, if for no other reason, we must help maintain economic as well as military strength in friendly countries where aggression may occur at any time. Most of them accept the premise that poverty and hunger threaten security wherever they are, and that it is wise to give some economic and technical assistance to newly emerging and underdeveloped nations which are struggling to stand up for human freedom and peace, provided, of course, that the recipient country has the capacity to use the type of aid offered.

But our citizens want to know more about what they are buying for their foreign aid dollars—and to know before the dollars are spent. They are deeply concerned about the many flagrant examples of waste and inefficiency in the foreign aid programs. They suggest that private enterprise might be encouraged to play a greater role in building eco-

¹ See report to the Congress on examination of the Military Assistance Program, 1957—committee print for the House Committee on Foreign Affairs, 85th Cong., 1st sess., Sept. 23, 1957. Also, see subsequent reports on individual country programs (classified secret).

economic growth in underdeveloped countries. They want to know whether our efforts are wisely directed, and on a scale which will do the job—or, are we, to use the phrase we hear so often, “merely pouring money down a rathole.”

And finally, they question why, after 12 years of foreign aid, administration leaders who come to the Congress to testify in behalf of huge appropriations for the program can give no estimate of when foreign aid might be tapered down. I realize that the serious and shifting international situation dictates many of the turns we must take, and the amount we must spend, but we cannot escape the fact that a program which was established in the Truman administration to rehabilitate war-torn industries in Europe, and which worked miracles at that time, is still being applied without much adaptation or change to underdeveloped countries whose political, commercial or other institutions are very different from Western Europe. The people ask if this is either wise or sound. As I have indicated, I believe the majority of the people of America are as much aware of the global challenge of communism as we are here in this body, but they have grave doubts—as I have—as to whether the mutual security program as now constituted is the most effective weapon we could devise.

We in the Congress cannot give the people the answers to many of their questions, because we do not always have enough information. Although we share the responsibility with the executive department for the foreign aid program, and must appropriate the funds to finance it, we give out practically a blank check. We can only tell the people what has been done with their money after it has been spent—and by then they have formed their own unhappy opinions through newspaper stories of slipshod programming and faulty execution such as those which recently emanated from Laos.

In my opinion, adoption of the amendment offered by the Senator from Alaska, of which I am a cosponsor, would let in some light on foreign aid which would help us to make a more able determination as to whether this program, for which the Congress shares the responsibility with the executive branch, is on the right course, and is of the size and scope needed in this troubled world. Passage of the amendment would also give us some of the tools with which to make a long overdue appraisal of the foreign aid program as a whole.

The administration is not entirely consistent in its stand that the mutual security budget is sacrosanct, and that detail on the items in it must be classified. The President's message on the mutual security program, transmitted to Congress on March 13, reiterated his statement made a year earlier that “our expenditures for mutual security are fully as important to our national defense as expenditures for our own forces.”

If mutual security expenditures are essentially defense expenditures, as the President described them, then they should be given the same priority in the development of the budget as the mili-

tary programs of the Department of Defense. They should be considered, in the study of the budget as a whole, along with the study of our domestic military programs. It is impossible for any Member of Congress to make a judgment on whether defense or defense-related programs are adequate or inadequate, reasonable or unduly costly, unless the budget can be considered as a whole.

Yet, while the official budget shows tables giving details on expenditures for missiles, aircraft, and other military items for our own domestic defense programs, the budget lists only three items for the mutual security program—military assistance, economic assistance, and the Development Loan Fund. The great number of programs, and the geographic areas into which these programs are directed, are not related in the budget to the authorizations for which congressional approval will be asked some months later, and after several other appropriation bills have been acted upon.

The budget contains tables which should show in broad terms the proposed activities for military assistance and for economic assistance programs in the year toward which the budget is directed. The tables show some information for the past years, to indicate the direction the programs have taken; but for the coming budget year, they are simply left blank.

I realize that when the programs are presented to the Appropriations Committee, some details are made available to members of those committees, but they are classified as secret. The argument is offered that participating countries will be less restive and make smaller demands if they do not know how other countries are sharing in the program. This is a flimsy argument, because participating countries can discover from other sources how they are faring long before all of the appropriated funds have been obligated.

In order to obtain the doubtful benefit of postponing invidious comparisons of the aid given various countries, the Congress is denied information about expenditures which, according to the President, have as high priority as defense expenditures. The Congress must act on appropriation bills over a period of weeks and months without being able to see at any point, in detail, the budget as a whole. When the information is finally made available, it is given in part and in secret to certain committees, and not to the entire membership—or to the American people.

Mr. President, I sincerely believe it would be better to take the chance that the officials of another government might occasionally be embarrassed because public records showed they did not receive as substantial a number of American dollars as a neighboring government, than to have the American people embarrassed constantly by the inadequacies and inefficiency of their foreign aid program.

It is remarkable to me that we can have all of the facts about irrigation projects to be constructed in the western part of the United States before they are built, but we can not have disclosed

in the budget even a scrap of information about a reclamation project to be built in Egypt or India until after the project is underway.

The Mutual Security Act should be amended to require the presentation in the budget of information about the programs of aid which are projected for each participating agency. Details similar to those presented for domestic programs—for example, the civil functions of the Army—would be desirable. The kinds of projects, their total costs, costs to date, objects of expenditures, and other customary details should be presented in open and in full in the budget, just as information is presented about comparable domestic programs. This would enable the Congress to control foreign aid expenditures in a responsible and informed fashion.

There is a serious question in my mind as to whether the doctrine of executive secrecy is not being carried too far with the mutual security program. Such a doctrine can easily become executive arrogance if the Congress allows it.

I was most interested in an observation contained in a recent column by Joseph Alsop. In discussing the decline in the Western position at Geneva, he commented that listening to an explanation of this country's position was like listening “to a worn out old gramophone record. New themes, new departures, new ideas were conspicuous by their absence.”

Mr. Alsop followed this up with the statement that in politics and economics, strategy and foreign relations, the U.S. Government has not produced a single new idea since the Truman administration.

This means, Mr. President, that if any new approach is to be made to the foreign aid program, it must come from the Congress. Passage of the Gruening amendment would give us a better idea of the program at the time we hand the money over for it, and certainly this would be of value in appraising it, and adjusting it to the changing international climate.

Mr. MORSE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The junior Senator from Alaska [Mr. GRUENING] has the floor.

Mr. GRUENING. I am happy to yield to the senior Senator from Oregon. Before doing so I should like to express my great appreciation for the very fine address the junior Senator from Utah has just made. It is a great contribution to our debate.

I now yield to the Senator from Oregon.

Mr. MORSE. Mr. President, I merely wish to associate myself with the remarks of the Senator from Utah [Mr. Moss]. As one of the cosponsors of the Gruening amendment, and as a member of the Foreign Relations Committee, I wish to stress the importance of the amendment from the standpoint of a great danger which I believe is developing in this country. I refer to the growing danger of Government by secrecy.

I think it is interesting that the Senator from Alaska should introduce into the RECORD today a letter from the Comptroller General, which adds up to the approval of the objectives of the Gruening amendment.

We need to keep in mind who the Comptroller General is. The Comptroller General is the agent of Congress, the watchdog of Federal expenditures. The Comptroller General is, after all, a high officer of the Congress who, by statute, has the duty of keeping the Congress informed as to the policies, administrative and otherwise, which are being followed in the expenditure of the taxpayers' money.

As I have done on other occasions, I wish once again to pay very high tribute on the Comptroller General. I think he is one of the most able men appointed by the President during the Eisenhower administration. He is a fearless man, a very courageous person, who recognizes that his duty as Comptroller General is to disclose to the American people anything he finds which indicates that the public interest is not being fully protected in the expenditure of public funds. He has not hesitated to do so. I think it is particularly important that he has had the courage to take the position he has taken with regard to the matter of so-called foreign aid money.

I shall speak later this afternoon at some length, giving my position as a minority member of the Foreign Relations Committee in connection with the pending bill, and setting forth the reasons for my minority views.

When I reach that discussion I shall have more to say about the threat of government by secrecy. At this point, let me say that the amendment of the Senator from Alaska and his known viewpoint during the mark-up of the bill in the Foreign Relations Committee were of great aid to those of us who have been insisting that much closer inspection be given to the expenditure of foreign aid money.

The sad thing is, as the Senator from Alaska knows, that there are many things that cannot be said on the floor of the Senate by members of the Foreign Relations Committee in regard to the expenditure of foreign aid money, because they have the stamp of secrecy put upon them, although they are in fact not secret, in the sense that there is any justification from the standpoint of our national security to have them stamped "secret."

I say this advisedly and regretfully, but I have reached the conclusion that the stamp of secrecy is put on too many items because the administration does not dare tell the American people what is happening to the taxpayers' money because if they only knew, then those of us who so frequently are almost a lone voice in the Senate would have public backing which we do not have now. Instead, we have to meet unreasoned criticism, because the public thinks we simply must be wrong, because so many of others "go along."

There is difficulty in overcoming public opinion that the way to get along is

to go along, although such a view does not auger well for the future of this republic. So long as I occupy my seat in the Senate, representing in part the people of a great State, I intend to hold fast to a doctrine which I taught as a law professor for so many years; namely, that in the administration of government in a democracy, there can be no substitute for a full public disclosure of the public's business. A democracy, in the last analysis, is dependent upon that. But the danger here is that because it can be pointed out that there may be justification for secrecy involving certain items in which there is, in fact, top secret material, it is so easy then to spread it out and apply it to a great deal of material which, in fact, is not secret. It has only the administration's stamp of secrecy.

So I again say to the American people and I shall continue to say it, because as a member of the Committee on Foreign Relations I happen to be in a position where I know certain facts which cannot be told to the American people—I say again, as I shall say later this afternoon, as I discuss particular parts of my minority opinion, that hundreds of millions of dollars are being wasted in the foreign aid program. The result is not to strengthen the security of the United States. In fact, that waste weakens the security of the United States. We who are seeking to eliminate waste from the foreign aid program are the ones who are really fighting to strengthen the security of the Republic.

This waste is playing right into the hands of Communist propaganda in many parts of the world. We do not make friends with this kind of program in many foreign areas.

So I compliment the senior Senator from Alaska [Mr. GRUENING] for his courage as a new Senator to stand up against this tide. Let me tell him, as one who has been in this position for several years, it is not pleasant, it is not easy. He is going to get some brutal criticism from reactionary editors throughout the country who seem to think that what a U.S. Senator ought to do is to become a rubber stamp of the administration, an administration which is following a wrong course action in many phases of the mutual security program.

Because the administration did not give us the leadership we ought to have had, the administration, in my judgment, has permitted this bill to be scuttled on the floor of the Senate. Where was the President of the United States last week when the proposal came from the Republican side of the aisle? Where was the President of the United States last week? We who wanted to help and fight for a strong mutual security program, based upon a loan fund program, whereby the taxpayers' dollars would be loaned, not given away to go down a drain or to be misspent by dictators whom we are supporting in so many parts of the world, looked for his leadership, but where was it? Where was his voice last week to help save the soundest proposal in the bill, a proposal which was scuttled on the floor of the Senate?

I do not know where he was; but he was not on the job. That is obvious. Otherwise, he would have given us the support we needed, because we were pleading to protect the interests of the taxpayers last week. We were pleading to seek to bring to an end the danger of government by secrecy.

I congratulate the senior Senator from Alaska for having the courage to come forward with an amendment which will strike from the bill one of the great dangers involved in the whole mutual security program, the danger of concealment, based, apparently, upon a lack of trust in the American people.

I am one who has complete confidence in the American people once they are given the facts. Their judgment, once they have the facts, will support the position which we who are protesting the denial of the facts to the American taxpayers are trying to get for them.

Mr. GRUENING. Mr. President, I thank the senior Senator from Oregon not only for his kind comments concerning me, but I wish to express my appreciation for the fact that, as usual, the remarks of the senior Senator from Oregon have been fully informed, forthright, courageous, 100 percent in the public interest, and wholly in accord with the finest American tradition.

His voice rings out clearly when it is needed. His voice renders the greatest public service in so doing, not merely on this issue, but on many other issues which are vital to the welfare of the American people. So I thank him for his very helpful and vital contribution to the debate.

Mr. MORSE. Mr. President, I appreciate those very kind words, unaccustomed as I am to that sort of treatment.

While I am on my feet, I may say to the Senator from Alaska, and I say it as chairman of the Subcommittee on Latin American Affairs of the Committee on Foreign Relations, that the book which the Senator wrote some years ago about Mexico is still a book of great assistance to me in my work in dealing with Mexican problems. I am not surprised that the author of that book would be on the floor of the Senate today proposing the courageous and sound amendment he is submitting.

Mr. GRUENING. I thank the Senator from Oregon.

Mr. BARTLETT. Mr. President, will my colleague yield?

Mr. GRUENING. I yield with pleasure to my colleague from Alaska.

Mr. BARTLETT. I desire to compliment the junior Senator from Alaska upon his well-reasoned, objective, factual speech which told the country some of the things I believe the country ought to know. I hope the amendment will be adopted. It should be. In my opinion, it should have been a part of the law long since.

Additionally, I wish to associate myself not only with the remarks of my colleague from Alaska but also with those which have been made by the Senator from Utah [Mr. MOSS] and the Senator from Oregon [Mr. MORSE].

It is obvious that there are too many veils of secrecy beclouding the opera-

tions of our Government from the view of the public in these latter days. 20 or 25 years ago this sort of thing would not have been tolerated. It should not be tolerated now. Only those things which are of vital secrecy ought to be maintained in that status.

I can recall, during World War II, when I was for a time the acting Governor of Alaska, and my colleague, the junior Senator from Alaska, the offerer of the amendment, was the Governor of Alaska. He was in Washington on official business. I received a letter in a large envelope. The outer envelope was marked "secret." Inside was a smaller envelope which was marked "confidential." The letter inside the smaller envelope was marked "classified." The letter was from an Army colonel who wanted a map of Alaska.

I think a good many of the things which are classified these days are of like importance.

I agree with the Senator from Utah [Mr. Moss] that it is not so much that the American people object to being taxed for foreign aid if they believe it to be essential for our national security; they object, correctly and with increasing vigor, to the use of the same classifications in the granting of foreign aid which were applied when the program first came into being, although times and conditions have altered, in some cases altogether, and in practically every case materially.

I believe the American people would not disapprove a program of foreign aid if constructive results could be seen, and if the people were properly informed by the Government.

I have a personal belief that if we moved, for example, into India, the key to Asia, and through a meaningful system of loans put that country on its economic feet in a short time, instead of indulging in a shotgun approach all over the world, the American people would applaud that type of program. As things are, the people do not know anything about how the foreign aid program is managed. I do not.

The Senator from Oregon states that information is available to members of the Committee on Foreign Relations but they cannot communicate information given them in confidence. Others of us, naturally, do not have such information. We know just as much, which is to say practically nothing, as the man on the street in any American community. But if the amendment offered by the junior Senator from Alaska is adopted, the people of the Nation will be better informed about the foreign aid program and probably will be much more strongly in favor of it.

Mr. GRUENING. I thank my senior colleague for his splendid contribution to the debate. He is one of the cosponsors of the amendment.

As I said before, the cosponsors include Senators from every section of the country, from both political parties, and having different points of view within the parties. So the sponsorship has a broad base.

The amendment is designed simply to restore to the Senate its constitutional

prerogatives, which the Senate has long since given up. I hope the amendment will be adopted.

Mr. HARTKE. Mr. President, the distinguished junior Senator from Alaska has made an excellent statement. I agree with his philosophy. I intend to support the amendment. I hope and pray that the people of the United States will look to the future of the world and the future of peace with the idea that we do not have to hide from the people what we are trying to do.

Mr. GRUENING. I thank the junior Senator from Indiana for his very helpful contribution. His support is most welcome. He brings a practical experience to these problems, having had to administer an important office in his State in which the expenditure of funds was a vital part.

Mr. MANSFIELD. Mr. President, will the Senator from Indiana yield to me?

Mr. HARTKE. I yield.

Mr. MANSFIELD. I wish to join my colleagues in commending the distinguished Senator from Alaska for the speech he made this afternoon, and for offering the amendment, which for some time he has stated he would offer. I think he is to be complimented and commended.

I am delighted that he received the letter from the Comptroller General, who, after all, is a servant of the Congress. I wish to assure the Senator from Alaska that, so far as I am concerned, his amendment will receive not only every bit of consideration, but also every possible support.

Mr. GRUENING. I thank the Senator from Montana.

A RESPONSIBLE CONGRESS

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. YARBOROUGH in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, a long time ago I was exposed to the cliché that the proof of the pudding is in the eating thereof. It is, indeed, aptly applied today to this Congress.

Even if one is not addicted to public opinion polls, I believe all of my colleagues join with me in the sincere feeling that such polls do show trends very well. The trend in the most recent Gallup Poll is that the Democratic Party, especially in connection with Congress, is nearing an alltime high. Right now, nearly 60 percent of the people favor the Democratic Party in Congress, more than did last fall, when we made such sweeping gains, and nearly as many as in the heyday of the New Deal.

Obviously, the people share the feeling that we are doing the right thing here in Washington.

In the past, a great deal of oratory has been devoted to the dire conse-

quences of a divided government. Today, we have such a divided government. But government, at least in the legislative branch, is not caught in a bottleneck. The orderly process continues.

There is, according to Congressional Quarterly, an amazing amount of cooperation between Congress and the administration.

It is certainly true that divided government has not always been so smooth running. For instance, President Truman once was faced with a Congress of the opposite party. The record shows with great clarity that there was a good deal of stalling and sputtering, an ample supply of spite legislation.

How different it is today.

We do not act to spite the President and his administration.

Even in the face of threats of vetoes, unheralded in modern American government, it has been Congress that has been patient and cooperative. The real leadership of a nation starved for leadership has come from Congress. Yet, the leadership has been responsible and responsive, not vindictive and vicious.

A year ago, the Nation was swallowed up in the depths of an economic recession. The administration was slow to act in the emergency, although it had acted in haste to apply such bankers principles as tight money.

A number of candidates who won seats in this Senate put their fingers, Mr. President, on one of the keys to ending the recession.

Recession sometimes is caused, at least in part, by a lack of confidence. Unwittingly, I am sure, our political opponents across the aisle have acknowledged this. Last year, they told the Nation that income was holding up. Their Madison Avenue tub-beaters thumped out the message that there were billions of unused dollars in savings accounts, and that millions of Americans were virtually on a buyers strike.

Thus, the Republicans admitted that lack of confidence was a major cause of the economic recession. And so it was.

If the recession into which we fell last year was, indeed, caused, at least in part, by the psychology of lack of confidence, and remained unsolved, at least in part, by lack of leadership, it is only cold logic to assume that we have restored a measure of both.

It is my purpose at this time, Mr. President, to point out that we have recovered both confidence and leadership.

Confidence largely returned when an overwhelming Democratic majority was elected to the Congress.

The record of recovery, while far from complete, certainly bears witness to this statement.

This recovery—and I emphasize that it is not complete, and we must not rest until we have put to work every American who wants to work—has been faster than the Commerce Department anticipated, faster than the Labor Department anticipated, faster than the Budget Bureau and Internal Revenue Service anticipated, faster even than the Madison Avenue geniuses, the bankers, and the big business barons anticipated.

There is an abiding confidence in the Democratic Party as a group of dedicated men and women who just are not going to let this country go to the dogs, who just refuse to let people starve, who just will not sit idly by while business "hits the skids."

This is a confidence born of experience in the dark days of the great depression. This is a confidence nurtured by forward-looking programs of the intervening years. This is a confidence matured by sad experience at the hands of Republic mismanagement.

And this Congress continues in this great tradition of meriting such confidence. The returns from the Gallup poll confirm this. Their veracity will be amply demonstrated again next year, I am certain.

Most of the actions of this Congress have been in line, not alone with this confidence, but also with responsible leadership that has been cognizant of the need for cooperation in a Government deliberately divided by the electorate.

We have already:

Admitted Hawaii into the Union;

Provided for orderly assimilation of Alaska as a State;

Passed a progressive housing program;

Aided the cause of civil rights by making it easier to limit debate on any issue, a matter adopted without prolonged debate;

Approved an airport act to assist cities to meet the jet age;

Passed a bill to curb racketeering in labor-management relations;

Raised railroad retirement benefits;

Extended temporary unemployment insurance;

Enlarged the school milk program;

Agreed to aid States in setting up educational TV;

Extended the draft;

Acted to expedite the space and aeronautics program;

Streamlined the National Security Agency; and

Assisted in a world health and research program.

A few of the others we have passed, notably attempts to aid tobacco farmers and to reduce the wheat surplus, have met with vetoes.

Our actions on the budget are far from complete. But it seems a certainty that we will appropriate less money than has been requested by the President.

It is true we have raised some items. Among them is a larger appropriation for research into the killing heart disease and cancer. Certainly there is no basis for any charge of budget-busting. On the contrary, it is we who are balancing the budget.

In the so-called balanced budget we received, there were provisions for seven new taxes or fees, including a hike in the gasoline tax and in the first-class, or letter rate, postage. This so-called balanced budget also did not contain any provision for raising interest rates, something the President has asked for and the Secretary of the Treasury has testified would cost \$500 million.

The Secretary of the Treasury further testified that the imbalance of the

fiscal year which ended July 1, involving a deficit which will approach \$13 billion, was caused largely by lack of income, rather than any splurge of spending. This lack of tax income, he said, was due largely to the recession.

This again speaks eloquently for our prudence in spending. We have cut the administration's budgets. We are cutting the administration's budget. And we will continue to cut wherever cuts are consistent with sound governmental practices.

But the lesson of the recession is clear. It demands that the unemployment study proposed by our distinguished majority leader, Senator LYNDON B. JOHNSON, be pressed. This will provide us, not alone with the information we need to insure that the remaining unemployed Americans are put back to work, but also will insure that a recurrence of the recession need not take place.

The majority leader is the one principally responsible for much of the action which we have taken thus far. He was the guiding light that piloted through a change in Senate rules that is unprecedented. His hand has been firm on the tiller, insisting that the ship of state not founder on the rocks of partisanship. Yet, he has been equally firm in insisting that those things which need to be done be done regardless of the opinions of those across the aisle or farther down Pennsylvania Avenue.

We have a Democratic leadership today in which the people can and do have confidence. We have a Democratic leadership in Congress that chooses to cooperate in the wonderful art of responsible government.

No one who has sat in this Chamber could question for a moment the man most responsible for this state of the Nation. He is LYNDON B. JOHNSON.

It was the Johnsonian concept of responsible Congress that led to Democratic victories last year.

It is the Johnsonian concept of responsible Congress that keeps us at work, day and night, hammering out a forward-looking program.

It is the Johnsonian concept of responsible Congress that has helped the Nation out of the skids of recession.

It is the Johnsonian concept of responsible Congress that is writing in blazing letters a great program.

It is the Johnsonian concept of responsible Congress to which the people have given a resounding vote of confidence in the Gallup poll and will continue to endorse.

This is not to say, Mr. President, that I endorse divided government. Indeed, I look forward to the day when a responsible Congress and a responsible administration each can contribute sorely needed leadership from a common fountainhead of the same political faith.

In the meantime, however, it is Johnsonian responsibility that keeps us moving in a day when we dare not slow up, let alone stop.

Mr. BARTLETT subsequently said:

Mr. President the junior Senator from Indiana [Mr. HARTKE] has made a fine

and splendid record since entering the Senate in January of this year. He has added to that record in a very constructive way, in my opinion, by the remarks he made only a few minutes ago.

Repeatedly during his address, Mr. President, the junior Senator from Indiana used the word "responsible" in respect to the conduct of the country's business in the Senate of the United States. I think that is an appropriate word for the Senator to emphasize and reemphasize in telling what this Congress has done, and what the Congresses of the recent past have done, under the leadership in the Senate of the distinguished senior Senator from Texas.

I think the vast majority of the American people will agree that our country is entitled to realistic accomplishment rather than political performance. Realistic accomplishment is what has been given the people by the leadership of the Senate.

I hope and believe the address by the junior Senator from Indiana will have wide circulation. It deserves to gain that.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

THE DEVELOPMENT LOAN FUND—PRESIDENT NOT TO BLAME FOR POINT OF ORDER

Mr. CASE of South Dakota. Mr. President, over the weekend I noted the press reports to the effect that some supporters of the plan for mandatory loans by the Treasury to the Foreign Development Loan Board felt President Eisenhower had "pulled the rug" out from under them by "blocking the Foreign Relations Committee plan to switch the Development Loan Fund from annual appropriations to long-term Treasury borrowing."

Mr. President, in order to keep the record straight, I wish to state that not the President, not anyone on the White House staff, not even the distinguished minority leader, the able Senator from Illinois [Mr. DIRKSEN], not any of them prompted me to make the point of order which I raised in the debate last Wednesday, July 1, 1959, and which the Senate, by a vote of 48 to 42, refused to table.

And, Mr. President, I also desire to make clear that my raising of that point of order was not prompted by any feeling about the foreign-aid program, one way or the other. It was raised consistently with other efforts I have made over a period of years to point out the inevitable disaster for orderly Government financing if what has been called a back-door method of getting money out of the U.S. Treasury grows and grows and grows.

Ten years ago, almost to the day—June 29, 1949—I had made a similar point of order in the House of Representatives in connection with a proposal for mandatory Treasury loans to finance a housing program, as the Senator from Oregon [Mr. MORSE] discovered in the memorandum he got from the Senate Parlia-

mentarian which he placed in the RECORD on Thursday last.

Mr. President, while at that time I did not concede, and never have conceded, the correctness of the ruling by the Chair in the House on that occasion, anyone who reads the entire discussion at that time and the final ruling by the Chair should agree that that ruling does not fit the situation which we had in the bill before us last Wednesday night.

The entire argument against my point of order in the House in 1949 by the majority floor leader, Mr. McCORMACK, was that the provisions of the bill were to take proceeds from the sale of bonds and to use them for a loan program. The Chair followed that line in his decision and concluded by saying:

Under the language [of the bill], the Treasury of the United States makes advances which will be repaid in full with interest over a period of years without cost to the taxpayers. Therefore, the Chair rules that this language does not constitute an appropriation, and overrules the point of order.

Mr. President, this particular case is cited in the most recent "Cannon's Procedure for the House," which points out that the ruling as a precedent, was limited to a loan program. No such limitation to loans, however, exists in the basic law for the Development Fund as in the Mutual Security Act of 1957. That authorizes the President from this fund "to make loans, credits, or guarantees, or to engage in other financing operations or transactions and to or with such nations, agencies, organizations, persons, or other entities, and on such terms and conditions as he may determine."

Will anyone, Mr. President, contend that such a program would mean repayment "in full without interest" and "without cost to the taxpayers"? Of course, it was sheer speculation on the part of the House chairman that even the housing loans would be repaid in full with interest and without cost to the taxpayer. The Chair had no warrant for such a speculation and the evidence that it was not a correct speculation is evidenced by the mortgage foreclosures that have taken place under the Housing Act.

Mr. President, by these remarks I have sought to absolve the President and his staff from any charge of "pulling the rug" out from under supporters of the foreign aid program; and, also to make clear that for myself, I acted under a conviction which I have long held with respect to drawing funds from the Treasury by the backdoor.

Not only did I make that point of order in the House on the housing bill in 1949, I raised it in connection with the Community Facilities Act when that measure was before the Senate, April 15, 1958.

I participated at some length in the discussion when the point was raised by the distinguished Senator from Virginia [Mr. ROBERTSON] during the consideration of the housing bill last year, June 9, 1958.

On these two occasions, it was concluded not to press the point for a formal

ruling by the Chair for the reasons then stated.

I did place in the RECORD of June 9, 1958, a letter from the Comptroller General with a table showing that the various agencies had obtained over \$21 billion which was still outstanding as of May 31, 1958.

That same table was placed in the RECORD last Wednesday night by the able Senator from Oregon [Mr. MORSE]. To him that proved that what was proposed to be done had been done before. To me, it demonstrated again the need for curbing this practice.

Certainly, Mr. President, when it was proposed in a single bill to give an agency the authority to draw a billion dollars a year from the Treasury for the next 5 years without review or control by the Appropriations Committee and with authority to make loans or grant credits to other nations and agencies thereof on such terms and conditions as it might determine, I thought it time to make the point of order again.

So I did, on my own responsibility.

Mr. MORSE. Mr. President, last week the Senator from Arkansas [Mr. FULBRIGHT] made his major speech on the pending bill, the Mutual Security Act of 1959, setting forth the majority point of view of the Senate Committee on Foreign Relations. It was the plan that the next day I would present the minority point of view. However, Mr. President, the next day some parliamentary problems developed in the Senate about which I talked to the leadership of the Senate. At that time I agreed to postpone a discussion of my minority views.

Later, Mr. President, a parliamentary situation involving the point of order of the Senator from South Dakota arose on the floor of the Senate, and the majority leader had a discussion with me and asked me to make a speech on that matter and to postpone further a discussion of my minority views. I obliged again.

Then, Mr. President, on the last day of our session last week we worked out the agreement which made possible the holding over of yea and nay votes until tomorrow on the various pending amendments. I then agreed with the leadership that I would take some time today to make the record on the minority views, which I am pleased to do.

Those of us who feel that the pending bill should be amended in some respects, along the line of the points I made in my minority views, believe that we should have the record made in a general discussion for future reference, because tomorrow, under the unanimous-consent agreement which limits discussion to 30 minutes on each amendment—except for the three amendments about which there was a reservation allowing an hour,—the agreement will not permit of any extended discussion.

Mr. President, we are witnessing today that which I have pointed out so many times in the past, is almost always an inevitable byproduct of any unanimous-consent agreement to limit debate or to fix a time definite and certain for a vote. Of course, particularly in this instance, with the Fourth of July weekend just

passed, it is not to be expected very much discussion will occur on the floor of the Senate in open debate, because most Senators are away, knowing they are fully protected from the danger of any vote being taken in their absence.

I would not have it otherwise, Mr. President, in an instance such as this, because we have had considerable debate on the mutual security bill.

The reason why I went along, at the request of the majority leader, with the unanimous-consent agreement last Thursday, was that I felt the case had been pretty much made on the pros and cons of the bill as the result of the discussion which took place over the Development Loan Fund provision, which engaged us in so much discussion of a parliamentary nature 2 days last week.

However, I owe it to the people of my State to make my record on the viewpoints I have expressed and the positions I have taken in the Foreign Relations Committee. I owe it to them to make this official record; and I particularly owe it to the many people in my State who have been so loyal in their support of me, and who, naturally, are very much concerned about the type of criticism which exists in my State toward the senior Senator from Oregon because of the position he has taken on foreign-aid measures during the past several years.

It is interesting to note that, judging from conversations and from my mail, when the people of my State take the time to read the documentation of my position, they immediately form an entirely different point of view with respect to the position taken by the senior Senator from Oregon, and they recognize that the newspaper criticisms of me are based upon gross misrepresentation of my position. In fact, they are beginning to understand that writers of newspaper stories about their senior Senator's position, not only on foreign policy matters, but other matters as well, are very careful not to include a documentation of his position. It is very easy to criticize a politician if the critic does not tell the people what he actually stands for and is very careful to avoid presenting a documentation of facts which he uses in order to support his position.

So, for a variety of reasons I make this speech this afternoon. First, I make it for the historic record. Second, I make it in order to supply my friends and supporters in the State of Oregon with the documentation they need in meeting the criticism of me which partisan forces are making in my State, in their attempt to falsify my position and seek to give the people of my State the impression that WAYNE MORSE has become some kind of isolationist.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. BYRD of West Virginia. It might be well to recall a statement by Disraeli at this point. He said, "It is much easier to be critical than to be correct."

Mr. MORSE. I appreciate that comment.

If one follows my course of action in regard to these matters it is important for him not to lose his sense of humor, and always to be perfectly willing, as I shall be, to take the facts to the people of his State and let them judge for themselves whether they would have voted any differently had they occupied a seat in the Senate at the time.

I shall not hesitate to do that; and I shall never follow a course of action in the Senate of ducking an issue or being on both sides of an issue in order to win votes.

The people of my State are entitled to know from me, first, my position on each issue; and, second, the reasons for my position. Then I am perfectly willing to let them judge for themselves whether they want to be represented in the Senate by one who insists that the greatest obligation I owe them is to serve here as a free man, free to follow where the facts lead, and not where the partisan politicians lead, when the politicians are not following the facts.

Before I turn to the minority views and discuss and expand on certain portions of them, and insert other portions in the RECORD, as a member of the Foreign Relations Committee of the Senate I wish to lay down this major premise as to my position on foreign aid.

I am, and I always have been, one who supports a foreign aid program. But we have a duty under the Constitution, in keeping with the advice-and-consent clause of the Constitution, to refuse to support any particular phase of a foreign aid program which our study satisfies us cannot be supported by the facts. The only times I have differed with a majority of my colleagues on the Foreign Relations Committee in respect to foreign aid issues have been when I have felt, with regard to a particular issue, that the facts did not support the majority. That is true again this year. It has been true for the past several years. Yet it is very interesting, in the debate this year, to find so many of my colleagues in the Senate now, for the first time, taking exactly the same position some of us took as long as 4 years ago, 3 years ago, 2 years ago, last year, and now again this year.

I am not one who will say that I think the mutual security bill will have added to it a great many amendments this year. It should, on the basis of the facts. However, I am satisfied that this year some amendments will be added to it on the floor of the Senate. I will say to the country today that if some of us had not followed the course of action we have been following in the Foreign Relations Committee, certain of the amendments added by the Foreign Relations Committee this year never would have been added. I shall discuss some phases of that question when I take up the minority views.

When one is confronted with the legislative situation which has confronted us now for some years on mutual security, it requires time to persuade Members of the Senate, by majority vote, to support amendments. We have been living during a period in which the impression has been created on American public opin-

ion that, for the most part, questions should not be raised about foreign aid; that if one raises questions with respect to foreign aid, or suggests amendments to foreign aid measures, he is suspect, he is an isolationist, a dangerous leftist, or an "aginer."

I have lived through all such criticisms, and I have held to the facts as I shall present them in my remarks this afternoon.

But what are we hearing now on the floor of the Senate, from colleague after colleague? Criticisms of foreign aid from Senators who, up until this year, never even uttered a whisper against the foreign aid bill. It requires a great deal of time even for the Senate, in connection with such highly controversial issues, to grasp the facts. Is it any wonder, then, that we find the general public very much confused on this question?

I have been, almost dumbfounded to hear some of the comments I have heard this year so far in the debate on the floor of the Senate in criticism of the foreign aid bill. In my appearances throughout the country and in my mail I have been agreeably surprised at the increasing numbers of people who are raising very serious questions about certain phases of the foreign aid bill.

I should like to utter a word of caution on this subject at this point because I know from past observation, how public-opinion pendulums swing from time to time. Those of us who have been seeking to improve the foreign aid bill during the past several years have a solemn obligation to see to it that the foreign aid program is not scuttled. We have just as great a duty, Mr. President, to prevent ruination of a sound foreign aid program as we have had a duty in the past few years to try to correct the errors and the abuses and the maladministration and the unconscionable waste in foreign aid.

Mr. President, if the pendulum threatens to go over to such an extreme point that, if a candidate for office wants votes, he must ride with a proposal for a scuttling of foreign aid, I serve notice now that I will stand on the floor of the Senate and do everything I can to prevent that swing.

Why do I say that? It is because I think the American taxpayers must be told that if we are going to protect the best foreign policy issues of our country, we must expect a sound foreign aid program to be with us for many years to come. I do not believe it is possible even to venture a guess as to how long we must expect foreign aid to be with us. But, Mr. President, I expect it to be as long as I live, and I am not a very old man yet. I am 58. If we are going to protect the security of our country, foreign aid is really an inevitable part of our foreign policy, and will continue to be such for years to come. But we must constantly raise the question of what kind of foreign aid. That is the test—what kind of foreign aid?

Therefore, Mr. President, before I turn to the minority views themselves I wish to lay down my second major premise. My first major premise is that I am for good foreign aid. My second premise is

that foreign aid must take the direction of seeking to strengthen the economic productive power of those areas of the world where the fight for freedom must be won. As a member of the Foreign Relations Committee I cannot emphasize too strongly what I consider to be the direct relationship between the economic well-being and the political ideology of peoples.

We are not going to improve the economic well-being of hundreds of millions of people in the so-called underdeveloped areas of the world—where the fight for freedom must be won in the next several decades if freedom itself is to survive in the world—by mere general grants to governments. Nor will the freedom of these people be won by giveaway programs. It is going to be won by investments in individual specific projects which will help the economic well-being of the people who live in the economic shadows of those projects.

My statement does not mean I am against all military aid. I am against much of it as it is being used, because much of America's military aid in my judgment is strengthening the cause of communism around the world.

It is easy to make a superpatriotic appeal in regard to military aid, and to stir up the emotions of our people, because basically each one of us, being human, with all the frailties of human nature, has a tendency to feel he is being done an injustice in the matter of Russia's inexcusable conduct in the field of foreign policy, and has an instinctive tendency to want to strike back. Man is made that way, Mr. President. But our task is to see that our reason prevails over our thalamus. Too much so-called thinking goes on these days on the part of too many people in and out of Government from the thalamus center of the brain rather than from the cortex—from the emotional center rather than from the center of reason. That is particularly true in regard to military aid. We observe demagogues constantly making their public appeal, asking for unchecked funds for military aid because, "We simply must have those funds. We must have this tremendous military outlay so we can put the Russians in their place."

What is happening, of course, is that a great deal of the military aid we are using in many parts of the world is, I am afraid, making many Communists instead of free people in some of those countries. Why? Because, as I shall point out later in my remarks, much of that military aid is going to governments that are following a course of action that is anti-freedom; so much of our military aid in so many parts of the world is being used by governments to keep down freedom in the name of maintaining internal order and security. Of course, every time we do that, the vicious, lying Russian propaganda preys upon the people who are suffering from that kind of subjection. What we need in those areas is not jet bombers, not tanks, not rifles, but bread, to add to the people's strength.

Mr. President, I know that in politics, in public life, speakers talk in terms of

moral principles. They talk in terms of spiritual values that make us a great religious Nation. They expect to be criticized for it. Yet if we cannot put to work, in public life, while carrying out our duties in American politics, those moral principles which are the bases of the philosophy of freedom, I see little hope for the survival of freedom.

I used to try to get my students to see and understand—and I have tried in the Senate in the past 15 years to make a record on the same principle—that our Constitution is woven out of the threads of spiritual values. I try to get my constituents to understand the meaning of freedom as a way of life. When we talk about being freemen, we are talking about a political philosophy based upon a recognition of the dignity of man. What do we mean by the dignity of man? I hope we can agree that when we speak about the dignity of man and about the importance of protecting the dignity of man from the forces roaming the world which seek to override human rights, we really mean, when all is said and done, that we recognize that men are the children of God; that we recognize the divine nature of life; that we appreciate the fact that when we organize ourselves into a human political society, we have a spiritual obligation to follow a political course of action which will pay homage and give respect to the spiritual values of life.

Yet, sometimes I am aghast at how easy it is for people in public life to seem to put to one side, in a watertight political compartment, the whole philosophy of freedom based upon spiritual values, based upon the principle that the only wealth there can possibly be is human wealth, and that material wealth should exist and be used only for promoting human values.

There is nothing new about that philosophy. It is as old as history. It has been the philosophy, throughout the ages, of men and women who have sought through forms of government, which are not ends in themselves, to promote the dignity of man based upon a recognition of the spiritual reality that we are but the children of God. Let us never forget it. Let us never forget it in connection with any political issue involving the people of our country on the domestic scene, because there, too, as I see it, as the representatives of a free people in a parliamentary body, we have the duty of marking our course of action by the guideposts pointing to the general welfare of the people of the United States.

That is the only direction we ever have any right to follow, legislatively, in the Senate. We have no right to follow any other political road sign pointing to any other destination. The controlling question before us, on each domestic issue, is, What do the facts show the general welfare to be in relation to this issue?

Not only is that true in domestic policy; it is likewise true in foreign policy. As I approach my work on the Committee on Foreign Relations, I constantly ask myself, What will this foreign policy proposal do in relationship to the welfare of people in those areas of the

world where, as a dedicated religious nation—which we are—the opportunity is offered us to promote the welfare of the people? I submit that if we keep that goal in mind, there will be drastic changes in American foreign policy. There will be great changes in American military aid foreign policy and also considerable changes in American economic aid foreign policy.

I wanted to make these general statements today because I well know the misunderstanding based upon the misrepresentations made of my position on foreign policy. It is a major issue in my State. I am privileged today to make this speech setting forth, point by point, my reasons for believing that the pending bill could be greatly improved.

So I turn, now, to the minority views which I submitted and which have been printed. I shall not read them verbatim, but I shall read some of them and place others in the RECORD.

I may say that the bill came to the floor of the Senate with two members of the Committee on Foreign Relations voting against it and 13 voting for it. Two Senators absented themselves from the vote in the sense that they voted "present." They did not feel that they could vote for the bill in its present form, so they felt, for various reasons, that they should vote "present."

If Senators will read the transcript of the proceedings of the executive session of the Committee on Foreign Relations when the bill was marked up, they will discover that the two Senators who voted "present" on the final bill supported the position taken by me on some issues, and I, in turn, supported the position they took on some other issues.

I think it should be said also that a fifth member of the committee first voted "present," but then decided that he would vote for the bill with reservations. He made the statement, as will be seen if the official transcript of the hearing is checked, that he reserved the right to offer amendments on the floor of the Senate and to vote for others.

So, in fact, five members of the committee, which is a substantial number of the committee, had such strong views about the shortcomings of the bill that they either voted against it or voted "present," or voted for it with the statement that they were inclined to vote either "present" or against it, but that they would vote for it to get it to the floor of the Senate and then vote for amendments on the floor.

Mr. President, it also would be very misleading to give the impression that the vote of 13 to 2 in the committee meant that the 13 committee members who voted for the bill voted for it in each case with enthusiasm and without reservation. I am perfectly willing to submit the testimony I now give for check against the official transcript; and such a check will show that more than a majority of the Foreign Relations Committee voted in favor of one or more individual amendments or expressed great concern about various parts of the bill or registered reservations about various parts of the bill, but frankly stated that they would vote for the bill because the

international scene is so confused, these days, and there is so much concern about the Berlin crisis, and so much concern about a possible forthcoming summit conference, that they felt they should go along with the bill. But I make these comments because I have read a considerable number of newspaper articles which seem to leave the impression that only a few committee members thought this bill was subject to serious criticism, whereas I say that the fact is—and I shall let the transcript of our markup session speak for itself—that if the transcript is checked, it will be found that more than half of the committee members at one time or another expressed great concern and criticisms about one or more major parts of this bill.

So, Mr. President, the bill now before the Senate represents, in fact—despite the vote of 13 to 2 in the committee—the operation of the compromise, give-and-take procedure which occurs in the course of our committee work in connection with marking up a bill; but the bill now before the Senate does not represent one for which there is united support from the Foreign Relations Committee.

If a committee member votes for the bill in order to get it to the floor, but if in the committee he has spoken time and time again in voicing criticisms of various sections of the bill, wishing that the bill was different in various particulars, that does not mean that that committee member is an enthusiastic supporter of the bill. The difficulty is to make a record which will enable others to see behind such votes in the Foreign Relations Committee.

I wish to state that in my judgment—and this is my opinion—this bill comes to the floor of the Senate, this year, from the Foreign Relations Committee with less enthusiasm from a larger number of committee members than at any time heretofore. That is why I believe it so important that this year we try to improve the bill, both on the floor and in conference, so that next year there can come to the Foreign Relations Committee a mutual security bill which can receive much more enthusiastic reception and support than this bill has received. I believe it most important that we maintain national support for mutual security, or so-called foreign aid. But it is also in the interest of the country that mutual support be marshalled behind a sound bill, not such an unsound bill, in my opinion, as the one now before the Senate.

In another section of my speech I shall have more to say about the compromise procedure which occurred in the Foreign Relations Committee in the case of this bill, and which resulted, I say regretfully, in our having at this time on the floor of the Senate a bill which, in my judgment, dollarwise does not represent the desires of a considerable number of the committee members who voted for the bill in the committee, but who frankly voted for larger amounts because they thought the amounts would be decreased either on the floor or in the conference or, in connection with the

appropriation bill, by the Appropriations Committee. Later in my speech, I shall discuss that very serious problem.

I proceed now to a discussion of my printed minority views.

The Committee on Foreign Relations has reported S. 1451 favorably to the Senate by a vote of 13 to 2, with 2 members not voting. Although the committee made many amendments to the bill originally proposed by the President, I voted against reporting the bill to the Senate.

My vote against reporting this bill was not cast because of any basic opposition to the concept of mutual security. Indeed, I support the basic concept of the mutual security legislation. The legislation has had my support in the past when I thought it was cast in a mold to serve the interests of the American people. But I have voted against the legislation in the past when I have found it so unsound in some of its provisions as to fail to serve the interests of our Nation.

RECORD IN COMMITTEE

During more than 3 weeks of sessions of the Committee on Foreign Relations I did my utmost to bring about changes in the Mutual Security Act of 1959 which might have adapted it to serve our interests. During our sessions I submitted the following proposals, and in due course of time I shall submit them as amendments, here on the floor of the Senate:

First. Because of my deep interest in our relations with Latin America and a belief that our programs there have overemphasized military assistance, I proposed an amendment which would have reduced the \$96.5 million to be made available for military assistance to \$50 million. My amendment would have made the difference between \$50 million and \$96.5 million, namely, \$46.5 million, available for special assistance to promote economic development in Latin America. This amendment was rejected by the committee.

Mr. President, I digress from my minority views to state that that amendment of mine was offered in the committee as the result of extensive studies of American relations in Latin America, based upon my work as chairman of the Latin American subcommittee.

I have previously been heard to say—but I shall mention it again briefly, this afternoon—that there are many causes for the deterioration of American-Latin American relations; but, in my judgment, the most important cause—the major one, the one at the head of the list—is American military aid to Latin America. I believe American military aid to Latin America has been more causative of deterioration of America—Latin American affairs than has any other one thing. I reported to the committee—and I believe I mentioned it briefly on the floor some days ago—that on June 11, I gave the commencement address at Mexico City College, in Mexico City, Mexico. The distinguished junior Senator from Montana [Mr. MANSFIELD], the Democratic whip, who honors me by his presence on the floor at the moment, had that address printed in the CONGRESSIONAL RECORD. In

that speech, I very briefly mentioned my reservations concerning so much military aid to Latin America.

Mr. President, the response was marked; but because there was a marked response from the audience, I do not give that great emphasis. It is merely one of the symptoms, however, of Latin American attitude which I think should be noted. Do not forget, Mr. President, we give no military aid to Mexico, and so it is particularly interesting that in a country to which we are not giving military aid that point in my speech struck a very responsive chord.

What I emphasize are the conferences and conversations I had, following my commencement speech, with members of the faculty of Mexico City College and with various Government officials in Mexico and some of our own who are stationed there. I can summarize all those conferences by saying that they all add up to this conclusion on the part of my conferees: "You put your finger on the No. 1 cause of misunderstanding between various Latin American countries and the United States when you discussed your position in opposition to so much military aid to Latin America."

Mr. President, the conversations which I had in Mexico City on June 11th bore out what I have been encountering in my work on the American Republics Affairs Subcommittee of the Senate Foreign Relations Committee, namely, a great deal of ill will toward America because so much of our military aid in Latin America has been used, and is being used, to strengthen regimes of very questionable character insofar as their ideology in respect to freedom is concerned.

That is why I stood shoulder to shoulder in the Foreign Relations Committee this year with the Senator from Idaho [Mr. CHURCH], and I pay him a very deserved compliment at this point for the role he took in the Committee this year in opposition to so much military aid to Latin America. The Senator from Idaho is a new member of the Foreign Relations Committee, and I think that is something to take note of, because, in my judgment, he brings to the Foreign Relations Committee the point of view of a Senator who has not had the background of our discussions within the Foreign Relations Committee of the past in opposition to military aid to Latin America.

I felt that in his statements before the Foreign Relations Committee, he brought to us, in a very helpful way, what the recent judgment of students of this problem really is. The evidence has piled up so overwhelmingly against the United States in regard to our military aid program to Latin America that I am keenly disappointed the committee did not reduce the amount for military aid to Latin America much below the point the committee finally provided in the foreign aid bill this year.

I am going to offer an amendment tomorrow on this subject. As will be seen as I proceed with this report, the Senator from Idaho did get through an amendment in the form of language setting forth opposition to the policy of

laying such emphasis on military aid. I suggest that we ought to implement that policy, and I know of no way of implementing it except by cutting the amount allowed much beyond the point the committee cut the amount for military aid to Latin America as found in the bill.

My minority views continue.

Second. In an effort at reasonable compromise, and in cooperation with the junior Senator from Idaho [Mr. CHURCH], we were successful in reducing the amount of military assistance for Latin America to a figure of \$65 million, the difference between that and the amount requested by the administration, \$31.5 million, being available for assistance "to an international military force under the control of the Organization of American States." This amendment also provided that if such a force could not be brought into being, the sum of \$31.5 million is to be used for economic assistance to Latin America. This compromise is a move in the right direction but does not go far enough toward reducing military assistance to Latin America or increasing our assistance in the economic development of this area so vital to our national interest.

If any interested Senator will go to the Foreign Relations Committee room and take a look at the transcript of our executive session, he will find that after I lost in committee on my amendment to reduce military aid to Latin America to \$50 million, it was then proposed by the Senator from Idaho that we provide for no more military aid to Latin America than is being given at the present time. Do not forget that the administration is proposing for next year a military aid program to Latin America of a little more than \$96 million, a substantial increase over the present, in round numbers, \$67 million in military aid this country is giving to Latin America.

I think that is a rather startling fact, Mr. President. There has been all this criticism about military aid to Latin America. The administration knows that. The administration simply cannot hide its eyes so it cannot see this criticism. Yet the administration comes forward this year, in spite of that criticism, with a proposal to increase military aid to Latin America from \$67 million, in round numbers, to \$96 million, in round numbers.

The Senator from Idaho took the position that we should hold fast to the amount we are now giving Latin America, and allow no more. The transcript will show I argued in support of some reduction. I felt it ought to be a substantial reduction; but certainly if we are to take the position of supporting, as a matter of policy, a tapering off of our military aid to Latin America, we ought to make at least some cut in the budget for military aid this year.

I do not know whether it was the Senator from Idaho or the senior Senator from Oregon who made the proposal, but the record will show that we agreed. I think the Senator from Idaho made the motion, and I seconded it, after I suggested that the Church motion be modified by at least a \$2 million cut,

reducing the amount for military aid from \$67 million to \$65 million. My recollection is the Senator from Idaho said he would accept that figure, he modified his amendment accordingly, and we adopted that amendment in committee, cutting the figure from \$67 million to \$65 million, in round figures, and refusing the administration the additional \$31½ million it had requested.

OAS SHOULD INCREASE MUTUAL DEFENSE
ACTIVITY

But in our discussions we considered certain information which was made available to the committee. We suggested that what is needed is Latin-America is an approach to the security of the countries, so far as external aggression is concerned.

We urged the Organization of American States to maintain a military police force which can be made available to protect any country in case there is external aggression. That is a very sound approach, Mr. President. In fact, I have been heard to say so on the floor of the Senate. I have certainly discussed the matter at some length.

A similar recommendation was made to us by a former member of the Chilean senate, who had lunch with the members of the Foreign Relations Committee of the Senate a year and a half or so ago. In the recommendation he deplored and decried American military aid to Latin America. He pointed out to the members of the committee, in a speech he made at our luncheon, that it was causative of a great deal of misunderstanding. I paraphrase him accurately when I say he said, in effect, "You know, if you get into a war with Russia we can't be of any help to you. We will have to look to you to protect us, because it will be a nuclear war. The military aid you are making available to us will be of no value in a nuclear war."

"What is happening to your military aid?" he asked. "I will tell you the two main purposes for which it is used. It is used to help stir up trouble between Latin American States, and it is used internally to keep down people who are struggling for more freedom."

He then went on to make the suggestion that we ought to persuade Canada to join with us and with the Latin American States for the creation of a mutual security pact whereby Canada, the United States, and the Latin American countries would agree that any country which sought to invade another Latin American country would be moved against by the members of the alliance, which of course would be the Organization of American States; and that the savings of many millions of dollars which would flow from such a pact would be used by way of economic loans to Latin America to help develop the economic productive power of those Latin American States in which the standard of living simply has to be raised in the years ahead if we are to win the cause of freedom in Latin America.

We did not have much of an answer to this former Chilean senator. I have described that luncheon as one which in a way, so to speak, set us back on our haunches. I felt the reason we did not

have any effective answer for him was that his suggestion simply made a lot of commonsense, ordinary commonsense, unanswerable commonsense. What can one say against such a position?

So in the Committee on Foreign Relations this year the Senator from Idaho and I emphasized the importance of moving in the direction of setting up a military organization, an international military force, under the control of the Organization of American States, and other Senators joined us.

As an encouragement toward negotiations which would seek to form such a compact, we provided in the bill, when it came from the committee, that the \$31½ million, which is the additional amount the administration recommended for Latin-American military aid, should be made available for use by the Organization of American States if there were established by agreement an international military force which could be used to protect the territorial integrity of any Latin-American country which might be threatened by external aggression.

I leave the point with the question: What is wrong with it? The administration proponents of more than \$96 million of military aid for Latin-America had better give us an answer. What is wrong with it?

Mr. President, this very day, as we read the press reports of what is happening in Central America and as we see the struggle for power in the Caribbean among the leaders of certain Latin-American countries who have not demonstrated an understanding of or appreciation for freedom, we can realize that this condition is but a part and parcel of the results of a wrong U.S. foreign policy towards Latin-America for many years in respect to military aid.

We know the argument which is always thrown at us, "If we do not give them the arms they will get them from someone else." Let us get that argument behind us in this debate. Is it not some argument? Is it not some exhibition of logic? Every parent in this body knows how he meets that argument as a parent, when a child tries to argue for condoning of, for approval of, or for authorization of a wrong course of action, by saying, "But, Daddy, Johnny Brown can do it. If you do not let me do it, his other friend will help him do it."

The important question is, are we being asked to do something which is right—or wrong? Are we being asked to do something which is good—or bad? Are we being asked to do something which will boomerang with anti-American demonstrations in the future when it goes awry?

My point is that the answer to all those questions is against a continuation of the type of military aid we have been giving to Latin-America.

As to the fallacious argument of "If we do not do it, they will get the arms from Russia," or "England," or "Czechoslovakia," or "France," that is rather important, is it not? It is rather important to find out whether an ally, a friend, or potential enemy Russia will

use this device for intervention in Latin-America. It is rather an important historic fact to learn about, I think.

Mr. President, I am not going to vote to send American arms to Latin America on the basis of the specious argument that if we do not somebody else will.

I shall continue to ask the question, What is best for the United States and for Latin America in relationship to the great struggle by people who are on the march all over Latin America, looking for a better way of life? They will find it; and our military aid to those who would subjugate and repress them may delay it, but it will never prevent it, and should not.

OUR AID SHOULD NOT BE USED TO SUPPRESS
FREEDOM

I proceed further with my minority views:

Third. I seconded a motion by the junior Senator from Idaho [Mr. Church], making it clear that our assistance to Latin America should promote hemispheric defense and should not be provided for the purpose of maintaining internal security in those countries. This provision materially strengthened language of an amendment which was adopted last year on my motion. It is my belief that if the United States intervenes in internal security matters in Latin American countries, it is violating one of the most basic tenets of the good neighbor policy. This amendment, much to my satisfaction, was accepted by the committee.

Although, as I said in committee, and say here on the floor of the Senate, we won the language, which is good language and which expresses a sound policy, yet the test is the implementation of that language. The test is the degree to which we carry it out. I have become accustomed to seeing fine-sounding language adopted by the Congress, only to find, in practice, that such language becomes empty phraseology. It is important that we take a stand on a matter of policy which is described by such language as this; but the more important thing is that we implement it.

So the Church amendment, which I seconded and supported in committee, makes very clear that any military aid, even within the \$65 million the bill proposes, shall be for the purpose of hemispheric defense, and not for the purpose of maintaining the internal security of a country.

"Oh," it is said, "but, Mr. Senator, let me give you a hypothetical. Let us take country 'X' in Latin America. It is a democracy, and there is great internal disturbance within the country. It is alleged that there are various groups, Communist, Fascist, or what-not, that are seeking to overturn that country. Should the United States adopt a 'hands off' policy?"

Let my answer be clear, because it is unequivocal. My answer is "Yes." We cannot eat our cake and have it, too. My faith in democratic procedures happens to be so great that, in terms of the long pull of history, I am satisfied that freedom will win, even in country "X" in Latin America, where there may

be an internal attempt on the part of the people of that country, or groups of people in that country, to overthrow a democratic form of government which may exist in that country. I say to the United States, "We must keep our military hands off."

Mr. President, if we follow my thesis of aid to Latin America, we will strengthen freedom in that area economically. I would demonstrate to the people of that area, or the people of any particular country therein, that their interests are to be found on the side of freedom, on the side of economic betterment, which can best flow to the individual through a system of economic freedom, out of which can spring political freedom.

We do not maintain freedom in a situation such as that with military forces. We only postpone the day when the uprising will be even greater, after the Communists get through with their vicious propaganda as to what the military colossus of the north is seeking to do to repress and suppress the struggle for freedom.

But a good neighbor policy, based upon such spiritual values as are alluded to in the beginning of my speech this afternoon, is based upon the religious teaching that we are our brother's keeper. It is based upon the moral principle of the Golden Rule, which should be implemented, legislation-wise, in the United States, in a foreign aid bill.

Mr. President, an American policy putting into effect such principles through economic channels offers the best hope for the ultimate victory of freedom in Latin America. As I said in my Mexico City College commencement speech, we must expect that now and then there will be a resurgence of dictatorship in Latin America, but it will be short-lived, provided we do not use military force, and provided we do what we can to develop the particular country economically, in ways which will benefit the people of that country.

OUR MILITARY AID CAUSES RIVALRY FOR MORE

I said in the Foreign Relations Committee—and I made passing reference to it recently in the Senate—that members of my subcommittee who could attend spent 2½ hours the other evening with a great monsignor from Colombia, who is conducting a very extensive program in Colombia, both in the field of education and in the field of technical assistance to the farmer peasants of the country.

The figures show that this great monsignor has more than 200,000 adult students learning to read and write, through radio lessons now being conducted. He maintains a set of radio receivers that can be used only to tune in to his broadcasts. As he pointed out, one of the great problems in that country—and it is true throughout Latin America—is the problem of illiteracy. He said:

We must teach our people to read and write.

He also said:

In addition, we need an economic program which will take the form of living

symbols of America's good neighbor policy on every peasant farm of Colombia.

As those who were present at the conference can testify, I referred to the problem of military aid to Latin America. I said:

Your country gets some military aid from us, does it not?

He said:

Yes; we received a couple of jet bombers 2 years ago, but we did not have a single airport in all of Colombia on which to land them, and so we had to land them in Panama and we had to lease landing rights and privileges in Panama until we could build an airport in Colombia which would take America's jet bombers.

I ask the Senate, What good was accomplished by sending jet bombers to Colombia?

Let us face the situation. If one Latin American country gets a jet bomber, human nature being what it is, and particularly government officials being what they are, a sense of competition arises. If country "X" receives some jet bombers, then country "Y" wants some jet bombers also. If country "Y" wants some American tanks, country "Y" wants some American tanks. It is only natural, but it does not help American relations. It does not help bring peace. It does not help the people.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. I commend the Senator for the speech he is making. It conforms to his usual high standard. The point the Senator has just made about American military aid in the form of jet planes to a country which could not use them because they did not have an airport on which the jet planes could land is typical of the worst kind of waste in our mutual security program. As I recall, last year the top representatives of the State Department justified this practice to the Foreign Relations Committee on the ground that the ruling cliques in those governments did not feel they were really a first- or even a second-class power unless they had jet planes. Is that not correct?

Mr. MORSE. That is true. What a fallacious argument! That is what I call an appeal to form rather than to substance.

Mr. PROXMIRE. How does that practice serve the interests of the free world? How does it protect us from invasion?

Mr. MORSE. It does not serve the cause of the free world at all. Furthermore, it is the kind of military aid which serves repression of the people of many countries.

Mr. PROXMIRE. On that point I wish to ask the Senator for an interpretation, because I think it could make very useful legislative history. In the third point of his minority views, the Senator from Oregon seconded a motion of the Senator from Idaho [Mr. CHURCH], making it clear that our assistance to Latin America should promote hemispheric defense and should not be provided for the purpose of maintaining internal security in those countries. It strikes me that the words "hemispheric

defense" are subject to a very broad interpretation. As we so well know, Communists might possibly move through an internal revolution in which the orders, the support, the intelligence, and leadership might come from Moscow. This kind of internal revolution might be difficult to detect.

Was there any expression in the Foreign Relations Committee which would help the Senate and those who will be called upon to interpret the law to understand what we mean by promoting hemispheric defense, on the one hand, as compared with maintaining internal security on the other?

Mr. MORSE. I shall give the Senator my understanding of the discussion which took place in the Senate Foreign Relations Committee. The Senator from Kansas [Mr. CARLSON] is present on the floor. He was one of the most attentive and one of the hardest working members of our committee throughout the marking-up of the entire bill, and he can supplement my remarks if his point of view varies from mine in regard to the synopsis of our discussion that I now give the Senator.

The Church-Morse amendment, to which the Senator from Wisconsin [Mr. PROXMIRE] has just referred, had general approval in the committee. I do not know of a single member of the committee who spoke against the objectives of the amendment or who had any opposition to the language.

In our discussion, however, the very point which the Senator from Wisconsin now raises was discussed. The important feature was the point of implementation. What is hemispheric defense? When does a problem become a sort of borderline problem between hemispheric defense and possibly internal trouble that is being created by external forces nonmilitary in nature?

We all know that in the great contest with Russian communism in which we are engaged it is not to be expected that they will send aggressive military forces into Latin America. They are too cunning, canny, and sinister for that. I think the final report of the subcommittee on Communist infiltration in Latin America will bear me out in this statement. The case is already building up with the material we are collecting. In my judgment there is not any doubt that Russia is conducting a terrific propaganda drive in Latin America right now, and I believe we ought to counteract it, not with military aid, but with the kind of economic assistance I shall discuss shortly.

For purposes of discussion let us take what I consider to be the worst possible case that can be stated. It is along the lines of the hypothetical case the Senator is using. Let us take Latin American country "X." Let us assume that it is under the control at the present time of a government that is strongly inclined toward totalitarian practices, and that there is unrest within the population. Let us further assume the Communists are taking advantage of that unrest, and that we are satisfied that Russia, through her agents, is pouring money into the pockets of the Communist leaders of Latin American country

"X." Let us assume also that Russia, for propaganda purposes, is offering to develop certain economic projects in that country which the dictator leaders, of course, turn down, and should turn down, I may say, whether they are dictator leaders or free leaders. However, Russia is using every means that she is so adept at employing in order to split a population and create disorder.

Should the United States step in with military aid? My answer is "No." That is why I said a few minutes ago I am willing to take the worst possible case that can be described and apply the principle of nonmilitary American assistance which I advocate. I simply say it is necessary to take a long-term view of history in a situation such as that, and I am inclined to think that if we would emphasize economic assistance by specific projects for the benefit of the people of country "X," we would have the best counter-Communist program we could have. However, if we give those dictators military aid so they can put down a rebellion because they claim it is largely Communist inspired, which I am willing to assume is true, the only result will be the fomenting of future trouble for the United States, making our problem more difficult.

Moreover, I think it may be that there are some places in the world where the people will have to learn the hard way in the matter of making a choice between communism and freedom. That is why I referred, in my Mexico College speech, to the possible resurgence, from time to time, of various forms of totalitarianism in Latin America.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the exact paragraphs relating to that subject.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

**FRIENDLY ACTS SPEAK LOUDER THAN WORDS
AMONG GOOD NEIGHBORS**

(Address of Senator WAYNE MORSE, chairman, Subcommittee on American Republics Affairs, U.S. Senate Committee on Foreign Relations, at Commencement Exercises, Mexico City College, June 11, 1959)

The number of men and women who so recently gained their freedom represents the crescendo in freedom's force in Latin America. But it is not alone the number—striking as it is—which tests this force of the surge of freedom. The test is found in two facts, often overlooked. One is that the tyrannies which were overthrown were not isolated tyrannies. They constituted a system, a network, a sinister apparatus aiding one another, so that what was destroyed and put to rout was an international system of despotism. The second fact is that the people who won their freedom, won it by their own efforts, by their own sacrifices. Thus, while the extent of the force of freedom is signified by the numbers involved—and this number can be increased if we go back a few years before 1952—the strength of the force of freedom is revealed by the international strength of the apparatus it has destroyed, and the durability of the force of freedom is revealed by the fact that it was achieved by the people themselves. I know that the people of the United States applaud this effort, and that in their achievement the people of Latin America have won a position of lasting dig-

nity in the minds and in the hearts of the people of my country.

Let me turn now to the future and to the question of how we can improve on what we have done, how we can overcome our failures, and how we can devise among ourselves more friendly acts which will, at one and the same time, match the friendly words which one still hears around the hemisphere and also drown out the unfriendly words which have come in increasing volume in the last year.

What is the significance of freedom's powerful surge for the future of Latin America? The consequences I see for the future are deep and overwhelming in their impact.

First, is the now inevitable trend toward democracy. What has been revealed during the past decade or so is the instability of dictatorship, which is another way of saying, the instability of governments not founded on the will and consent of the people. I may be accused of excessive optimism, but instead of a past in which occasional experiments in democracy interrupted a general practice of dictatorships, in the future I see dictatorships, if they reappear at all, as momentary interruptions in the inevitable and irresistible growth of democratic government.

These, then are the future products of the force of freedom. They constitute all together a vast change in a new America, from the pessimism of Simon Bolivar about the possibilities of freedom in America, to the optimism of freedom's own conquest. There are many obstacles yet to be overcome, but the people of this hemisphere will conquer these obstacles. Communism is one of these obstacles. At this very time the forces of communism are attempting to link themselves to Latin America's march to freedom. But what has communism to offer? It offers this hemisphere a formula on how to lose freedom. Whichever way one looks at communism, at bottom its fundamental doctrine is revealed: That the only way a community can progress is to surrender its freedom to a dictatorship of self-styled pundits—the so-called leadership of the proletariat—who arrogate to themselves the final wisdom about the laws of mankind's development. Dictatorship is the heart of the Communist matter; but Latin America already knows more about freedom and how to acquire it than does Soviet Russia.

Mr. MORSE. Mr. President, I am satisfied that the Communists can never prevail in Latin America if we follow the economic approach rather than the military approach. I pointed out in that speech the great turnover of totalitarian regimes which has already occurred in Latin America. I said that communism has nothing to offer the people of those countries. Those people have already learned the advantages of economic freedom for the individual, so that they can enjoy political freedom.

I pointed out to the students that they could not cite to me a single political society in the world in which there is a totalitarian form of government, under which the people as individuals enjoy economic freedom of choice. It simply cannot happen. We cannot find such an instance in history. This is a truism which we should not ignore. Political freedom of choice and economic freedom of choice for the individual are inseparable. They always have been and always will be.

If once a state is allowed to dictate the economic life, it must dictate the po-

litical life. If the people have political freedom, then the state cannot dictate their economic life. If people have economic freedom, they are then in a position to determine their political destiny. That is a great truism, but it is unanswerable.

So in the Committee on Foreign Relations I took the worst case, the one which the Senator from Wisconsin just outlined, because we had this kind of discussion in the committee. I refused to accept the notion that we ought to give a Fascist dictator military aid in order to help prevent another form of dictatorship from being yoked around the necks of the people of that country. I am just as much opposed to fascism as I am to communism, and vice versa. I am simply against the use of America's military aid powers to entrench totalitarianism anywhere in the world.

Mr. PROXMIRE. To be a little more explicit, the Senator from Oregon would go further and assume the worst case, that a democratic government was being threatened by a Communist-inspired revolution. He believes—and I accept his judgment—the best answer we could give would be through economic aid, so long as it was an internal revolution and not an invasion of the kind everybody knows is unlikely to occur.

Mr. MORSE. Economic aid, not military aid. It is up to the people to determine whether they want to go Communist. God forbid that they should so determine in any case. If they do, in my judgment, the Communist government will be overthrown in due course of time.

One of our troubles these days is that we are really a lot of "overnighters." We do not have a perspective of history. We do not recognize that even 50 years is but a minute in the course of history. Fifty years is no time at all. Yet is so easy for us in our generation to develop the notion that we are the answer to history. The best thing to do is to make a record always in support of freedom as our historic answer to the threats to freedom in our generation.

No; I would not support with American military aid, for internal purposes, even a democratic regime.

MEANING OF HEMISPHERIC DEFENSE

That brings me to the second part of my answer to the Senator's question. I would make available to the democratic government military aid so that the government could function as an ally with us in hemispheric defense. The Senator said that that is a rather general term, so I shall discuss hemispheric defense as we discussed it in the Committee on Foreign Relations.

We know that Russia's submarine program is going ahead at a very rapid rate, at such a rapid rate that we are very much alarmed about our comparative relationship to Russia from the standpoint of the submarine potential.

We also know that Russia's long-range submarines are missile equipped; that they are capable of firing missiles. That raises a specific hemispheric defense problem.

So I can say, without violating any secrecy under which I am obligated, that

we have some hemispheric military projects in Latin America which would be of assistance in meeting the submarine threat of Russia in case of a war. That assistance takes two forms. In one form, we get military rights for bases. I will not go beyond that. We get military rights which enable the United States to maintain military projects for the detection of Russia's submarine potential.

We also make available certain direct military aid to some of the Latin American governments so that they can participate in the mutual problem of hemispheric defense in connection with detecting the Russian submarine program in Latin American waters. That is a good example of what I mean by hemispheric defense. There are others.

The so-called missile-tracking station is another example. Although there has been much discussion about the arrangements with Brazil for a missile-tracking station on an island which is Brazilian territory, that is not the only missile-tracking arrangement we have with Latin American countries. That one has been discussed a great deal in the press, because it has been proposed that the United States enter into an unconscionable, wasteful program with Brazil for that particular tracking station. I simply happen to think that the American taxpayers are being taken for a ride under that arrangement. But that is beside the point I am now making.

I am saying that missile-tracking stations are a part of the hemispheric defense and also a part of mutual security. They are important to us, and they are important to the countries of Latin America, too.

There are other mutual defense programs in the field of airpower, which I am perfectly willing to go along with as a proper expenditure of military money. But I wish to say—and then I shall leave this point—that even in our so-called hemispheric defense program too frequently we have not maintained control, or at least we have not maintained authority to influence the program, once the grant has been made. That is where I believe American military aid, particularly in connection with smaller items, such as artillery, machineguns, and small arms—military materiel which is particularly useful in the type of engagements that have been occurring in various revolutions in Latin America—has been faulty—namely, because we have not maintained sufficient control over the use of that materiel. I believe that much of the ill will which has developed against us in Latin America has occurred because of the misuse of our military aid in Latin America.

I proceed further with my minority views:

Fourth, I supported an amendment offered by the junior Senator from Florida [Mr. SMATHERS] which, if accepted, would have expressed congressional support for the creation of a Western Hemisphere police force. The amendment was rejected.

I hope it will be offered again on the floor of the Senate, and I hope it will be agreed to. If the Senator from Florida does not offer it, I myself will offer it.

SECRECY ON FOREIGN AID SHOULD END

I proceed further with my minority views:

Fifth, I supported an amendment by the junior Senator from Idaho which was adopted and we hope it will restrict the practice by the administration of putting the "secret" label on certain information about our mutual security program which the American people must know if they are to be able to judge the usefulness of foreign aid expenditures of their tax dollars.

Earlier this afternoon, I spoke about that. I had planned to speak about it at greater length; but I think the remarks made by the junior Senator from Alaska [Mr. GRUENING], supported by the remarks of the present Presiding Officer, the senior Senator from Alaska [Mr. BARTLETT], and also supported by the remarks of the Senator from Utah [Mr. MOSS], make all the points that I could make, anyway. I simply associate myself—as I did earlier this afternoon—with those remarks, and shall mention this matter no further, other than to say that we must do a better job in insisting that the facts about American foreign policy be disclosed to the American people.

I proceed further with my minority views:

Sixth, I strongly urged an amendment which would have stopped military assistance to Latin American countries with dictatorial regimes. I wanted our policy to be clear that U.S. assistance is not to be used to support Fascist or Communist governments anywhere. This amendment was rejected.

I have already discussed it on the floor, this afternoon. I shall offer the amendment again, tomorrow.

DEVELOPMENT LOAN FUND NEEDS LONG-RANGE APPROACH

I continue with my minority views:

Seventh, in the committee I gave general support to the Fulbright amendment which would have authorized the appropriation of \$1.5 billion for each of 5 years for the Development Loan Fund. As a practical matter, I did not believe it would be feasible for countries we might assist to absorb \$1.5 billion per year, at least not in the next couple of years. I therefore moved to reduce the amount authorized from \$1.5 billion per year to \$1 billion per year and this motion was adopted by the committee.

In this connection, I should note that in the past I have opposed putting the Development Loan Fund on a long-term basis. It is my belief, however, that it is the duty of a Senator to follow where the facts lead. Careful examination and study of the operations of the Development Loan Fund and of the needs for capital loans to developing countries led me to conclude that this Fund should be put on a long-term, loan basis. My membership on the Committee on Foreign Relations provided the background for this conclusion, and I believe that the long-term Development Loan Fund provisions included in the bill before the Senate are among its strongest and most significant features. I shall support the retention of this provision in the bill.

In my minority views I stated that I would support it; and I did support it on the floor of the Senate. It is a matter of deep regret to me that this proposal by the chairman of our committee, the Senator from Arkansas [Mr. FULBRIGHT], has been so badly scuttled on the floor of the Senate.

Earlier this afternoon I said the President failed us in regard to it. I repeat that he failed us. When this very important principle of once and for all making it perfectly clear that we are going to strengthen the loan program became known at the White House, it should have elicited from the President his backing, in spite of the fact that originally he had recommended only \$700 million for this year.

As I said last Thursday, in 1957, in a speech on foreign policy, the President supported this principle; and in view of what took place the other day in the debate over the point of order, I think it regrettable that the President let the Senate and the country down, by not rallying behind us in support of this loan program.

I share the publicly expressed view of the Senator from Arkansas [Mr. FULBRIGHT] that this bill already has been greatly damaged by the arrangement which has been made in connection with the Development Loan Fund. One cannot hold to my point of view that the greatest need of American foreign policy is the development of specific economic projects which will help develop the economic productive power of the underdeveloped countries, and not feel very sad about what already has happened during the debate on this bill.

I shall say no more about it now. I have a feeling that once the people of the country come to appreciate the soundness of the position taken by those of us who support the Senator from Arkansas, they will make a clear, under Democratic controls that are in their hands, that they want a program such as this supported in the future.

MORE OF AID SHOULD BE ON LOAN BASIS

Mr. President, later on I shall correct the figure I am about to state, if I am in error, although what I am about to say is generally correct. Dr. Marcy, who is in charge of the professional staff of the Foreign Relations Committee is in the Chamber. He is one of the most able legislative assistants I have ever known, particularly as regards his ability to obtain for us the facts we need in regard to various issues. I respectfully request that he check on the figure I am about to state, so that if I make an error, the final RECORD will be corrected, in order to be accurate. I think it still true that a little over 80 cents of every mutual-aid dollar constitute, in fact, an outright grant. A little less than 20 cents goes into some loan arrangement. I simply do not think the American people understand that, but they are beginning to understand it; and I believe that is one of the reasons why there is the growing wave of criticism of our foreign-aid program.

In regard to this particular fact, let me say that here is to be found the chief cause of the hundreds of millions of

dollars of waste in this program. A great deal of these grants goes to governments; but the strings attached to some of the grants are rather weak, if we expect those strings to hold governments in line and require them to engage in wise expenditures of the grants.

I simply have too much knowledge as to what has gone awry in the case of a great many of these expenditures, not to realize the importance of our increasing the loans and decreasing the grants. For some years I have urged that that be done. That was one of the major recommendations, by the way, of the experts whom we hired by means of a contract, some 2 years ago, to study the operation of American foreign aid. We paid \$250,000 to have them make that study. All of us who serve on the Foreign Relations Committee thought it was a good study, and we were unanimous in submitting to the Senate the findings of those experts. We thought they did a fine job; yet we find it difficult to get the Senate to adopt amendments which will carry out their recommendations.

The senior Senator from Oregon has been proposing such amendments now for the past 2 years. I shall talk about some of those recommendations shortly. But here we have impartial surveys, studies, and analyses made by recognized authorities and experts, and for the most part they have helped somewhat. Seemingly reluctantly, the Congress has been getting some of the recommendations into the program, but not very many. Yet when we consider these studies, prepared by experts of the University of Chicago, the Massachusetts Institute of Technology, Columbia, the Brookings Institution, and then when we look to see what the arguments are against the recommendations, we cannot help being at a loss to understand why Congress has been so long delayed in putting the recommendations into effect. We have long delayed. We still have a long way to go.

One of the reasons why I filed my minority views was that we did not begin to go far enough this year in our recommendations. We shall come back to the Development Loan Fund procedure in the years immediately ahead. We shall have to. There is no other right course of action. World events will force it upon us. The American taxpayers are going to insist upon it, in my judgment.

So I am very proud to stand on the record I made this year in support of the position taken by the Senator from Arkansas [Mr. FULBRIGHT] on this matter. I commiserate with him in the setback our committee has suffered on the floor of the Senate. I speak respectfully in saying I am satisfied if each Member of the Senate had really taken the time to study the record made in the Foreign Relations Committee on the Development Loan Fund, we would not have suffered this setback.

The vote of last Thursday never would have occurred on the point of order, because the facts are overwhelmingly in support of the Senator from Arkansas,

and the national interest pleads for the proposal he advocated.

One of the great weaknesses of America's foreign aid program is the lack of planning based upon the principle of continuity. It is very wasteful to plan a program only for a year at a time, without any certainty that the funds are going to be available for a longer period of time, when it is a program that cannot possibly be completed in a year. It is a matter of sound business judgment. There is not a business in the country which could possibly conduct its programming if it were restricted to such an arbitrary limitation as a 1-year program in regard to a matter which involves several years for completion.

That is why I find it so difficult to understand why the Senate would take the action it did against the Foreign Relations Committee.

Mr. President, I am one who insists that it is the duty of the Senate as a whole to override any committee, whether it is a committee of which I am a member or any other—including the Appropriations Committee, I may say—when the majority of the Senate really believes the committee is following a mistaken course of action. Committees should not go unchecked in the Senate; but I think that when a committee has presented as thorough a report on behalf of the majority and minority as has the Foreign Relations Committee, when a committee has demonstrated its dedication to its work as the Foreign Relations Committee has demonstrated, I do not think it should have been overridden with the haste and lack of debate upon its merits which I respectfully say characterize what took place here last week in the action of the Senate in regard to the very sound recommendation of the Senator from Arkansas for a development loan program, a program I was privileged to move in the Foreign Relations Committee should be established on the basis of \$1 billion a year for 5 years.

I continue with my minority views:

Eighth. Consistent with my belief that the long-term loan principle is sound for economic assistance was my motion to reduce military funds in the bill by \$400 million. This motion was rejected by the committee. I regret that the committee did not adopt this amendment, which would have saved the taxpayers \$400 million in the most bloated part of the bill and would have served notice on the Soviet Union and informed our friends that we view the principal threat to freedom and independence to be that attributable to inability to raise standards of living throughout the world.

Ninth. I moved to reduce the amount authorized for defense support from \$835 million to \$750 million, a reduction of 10 percent. This motion was rejected. Defense support is a form of grant economic assistance, presumably justified because of our military assistance expenditures, which I believe are excessive. The area of defense support has, in my opinion, been one of the most wasteful of the entire program. It could be reduced by 20 percent and still not injure the overall program.

DEFENSE SUPPORT NEEDS CUTTING

When I proposed in committee a reduction of only 10 percent, we did not have a majority vote for that proposal.

Let me say a word about defense support. It was rather interesting to see the diversity of the points of view even among the administration witnesses as to what defense support really is. The ICA witnesses liked to talk about it as economic support. Some of the State Department witnesses were very frank, and the record will show they admitted it is a form of military support. But it was evident that no defense support problem arises except in countries which maintain a defense establishment over and beyond what its domestic economy can support. In other words, we say to X country, "If you will maintain a military program of this extent, then we will pay for your part of the military program by paying a part of the financial cost." That is military support in my book of definitions. It cannot be otherwise when we are asking a nation to maintain an excessive military program. The result is that in some places in the world the American taxpayer is paying practically all the wages, all the payrolls, of a country's military establishment. Or it builds facilities for its military establishment, and calls it defense support. Or it may provide for funds to assist in the construction of a railroad, because of its strategic military value. That is defense support. It runs the whole gamut of developments which we support because we know the country needs them for a military program, but cannot afford to pay for them itself. Great reductions could be made in that program, as well as in the military support proper.

Mr. President, there are some places, in fact, in which our defense support, along with our military support, creates a considerable amount of misunderstanding between the United States and the recipient country. I shall mention in passing that one of the countries we discussed over and over again, time and time again, in the committee, was Pakistan, into which we pour both military and defense support funds. As Senators know, we have been criticized a great deal by India for our military and defense support of Pakistan. I do not think there is any denying the fact that our military and defense support of Pakistan forces India to maintain a military establishment of the size which India would not have to maintain if India were not always living under the fear that Pakistan might get "trigger happy."

And of course we know that Pakistan is no democracy. Pakistan lives under a military rule.

The interesting thing about these military totalitarian states is that the rulers always say, "Some time in the future we will return to a democratic form of government." That is the bait. That is the "come on." Then the military dictators strengthen themselves year by year, with more and more dictatorial power vested in them, as we help them become stronger militarily.

Of course, we pour a great deal of military and defense support into Thailand, now ruled by a general. In my judgment, in case of a war with Russia we will have to—and we should—protect the people of Thailand. But the military money we are pouring into Thailand, in my judgment, is by and large wasted. That is true of some other Southeastern Asian countries. How much better it would be if we were to use the same amount of money, or more, for the development of economic projects to help those people economically.

That is the best protection against communism. The Russian juggernaut would roll over these countries in a matter of days no matter how much American military aid we pour in. We will still have to move in ourselves and do the fighting ourselves in case of war.

It is much better that we use the military money to strengthen our own defenses and to strengthen the defenses of our allies in NATO, to whom we know we will have to look for the military support and assistance we shall need in case of a war with Russia.

So I proposed a 10 percent instead of a 20 percent cut in the defense support program. It could have been 20 percent and still not have injured the overall military aid program.

Tenth. I also moved to reduce the category of special assistance—another grant economic aid program—by 10 percent. This motion was agreed to. This saved \$27 million from the administration request.

In my judgment, the savings could be larger, but at least we saved that much.

Eleventh. Finally, I moved to reduce the amount available to the President in the contingency fund by 60 percent, a total of \$120 million. This motion, if it had succeeded, would have saved the taxpayers of the United States a substantial amount which I am convinced will be frittered away if it is left in the bill. I refused to go along with a motion to reduce this figure by only 10 percent because such a reduction would have been only a token reduction done only for parliamentary negotiating purposes.

I have gone to some length in this report in discussing my record during the executive markup sessions of the Committee on Foreign Relations because those records are not made public and because the suggestion is often made that I do not have positive reasons for certain of my actions.

At the time I announced my vote against favorably reporting S. 1451, a summary of my reasons for opposing that bill was set forth in a press release. On June 16, I stated:

I voted against the mutual security bill in the Foreign Relations Committee for the following reasons:

1. The committee failed to eliminate at least \$400 million of military aid waste in the bill.

2. It failed to eliminate at least another \$200 million of waste in other items of the bill.

3. The bill provides for \$245 million more than the Eisenhower administration asked for in the first place.

Of course, that was with the Development Loan Fund in the bill. The action last week cuts it out substantially, so far as the total 5-year period is concerned. The interesting thing is that when the bill came to the Senate from the Committee on Foreign Relations, it authorized \$245 million more than the Eisenhower administration recommended.

4. The bill does a great injustice to the American taxpayers. It grants great sums of money to many countries in which tax evasion and tax dodging are notorious.

AMERICAN TAXPAYERS SHOULD NOT SUBSIDIZE FOREIGN TAX DODGERS

It is very interesting, Mr. President, to get the opinion of the administration advisers and witnesses in regard to that. They admit it is true. What is their alibi? They say, "Well, it is going to take time. It is going to take time to get these taxpayers of other countries to see that they will have to pay more than they are now willing to pay."

At first we had a different argument, but when they got the answer to the argument, we did not hear it any more. At first they said, "Well, in some of these countries the tax structures, the tax rates, are comparable to those in the United States." But when asked, "Mr. Secretary," or "Mr. Witness," or whatever the title may be, "are you trying to tell me that because the tax structure is comparable, tax collections are comparable?" the witnesses were very frank and admitted it is not the tax structure which is important, but it is a question of how strictly it is enforced. Of course, in many of the countries evasion is the common practice.

We had called to our attention, in the subcommittee which deals with Latin-American affairs, a very interesting incident which occurred last year in one of our neighbors to the south of us.

An American company went into one of the principal cities of this Latin American country and established a great retail outlet. It was not to be expected that the native competitors in that country would be enthusiastic about the establishment of that great American retail outlet. But the thing which really concerned them the most, and caused a great deal of criticism, was the fact that the American retail outlet paid its taxes. That was not cricket. That simply was not done. That put every one of the native businessmen of that country in a rather embarrassing position. The American firm demonstrated the sound American principle of supporting with taxes the government which makes it possible to enjoy the privilege of a free enterprise system.

That is only one of many similar illustrations which could be cited to the Senate. In my judgment we have been giving support to too many countries which have not been collecting taxes on the basis of ability to pay, which only means that the American taxpayer is being asked to assume an additional tax burden.

Such low tax collecting countries should be required to pay more or their share of mutual defense by collecting

taxes from the wealth of their own people before expecting the taxpayers of the United States to assume a tax burden other than their own. We need to emphasize the point that this program is a program of mutual defense. I am afraid that we are letting the impression get abroad that this is an American defense program. Certainly it is American defense, but it is mutual defense for every one of our friendly allies.

This is a delicate subject. Diplomatically it is difficult to persuade representatives of a foreign government to give heed to an American proposal which could be considered a criticism of their domestic tax collecting policy. Yet I think we must face up to it.

Mr. PROXMIER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. PROXMIER. Again the Senator from Oregon is going to the heart of a very difficult problem. There is no question that if we are to build a strong free world, we must build strong economies on the part of our allies. There is no question that, regardless of how much assistance we give, or how wide that assistance is, if there is no tax reform in certain countries such assistance will do very little good.

I recall very vividly that the senior Senator from Louisiana [Mr. ELLENDER], upon his return from a trip last year, made exactly the same point the Senator from Oregon is making this afternoon. The Senator is pointing out how important it is that we insist that recipient countries do what they can to provide economic justice and reform their tax structure so that it will be based squarely on ability to pay.

The Senator from Oregon speaks wisely when he points out how very difficult that can be. This is the kind of thing, I presume, which must be done very largely through administration. The speech of the Senator from Oregon is very useful for this purpose, in making legislative history and pointing out that the administrators of the program could go a long way toward achieving extremely important reforms, and doing it in such a way as not to insult the dignity, intelligence, or sovereignty of our good friends.

Mr. MORSE. The Senator is quite correct in regard to the procedure which must be followed, and I appreciate his comment on my observations.

I have great confidence in the man in the State Department who is directly charged with the administration of economic aid. I refer to Douglas Dillon, Under Secretary of State, serving under a very able Secretary of State, Mr. Herter. I have no right in any way to implicate Under Secretary Dillon in connection with what I am saying. I wish to express my confidence in him and his ability to handle this problem through diplomatic channels.

One reason why I am such a strong supporter of an addition to the International Bank to make the so-called "soft loans" is because that agency is in a position to require reforms as a condi-

tion of the loan which the United States alone is unable and unwilling to require.

If we do, it becomes a kind of interference with the internal economy of the recipient; it puts a stigma of interference upon the United States and makes us reluctant to demand the reforms we know are needed.

Of if we do demand them, the recipient may simply look to Russia for help, with the mistaken idea that there will never be any strings attached to Russian aid.

By turning over some of our foreign currencies to an adjunct of the International Bank, as advocated by the Senator from Oklahoma [Mr. MONRONEY], the necessary reforms can be required as a condition of the loan because the Bank has no cold-war purpose to pursue in making the loan, as we and the Russians have.

The International Bank has done an excellent job in this respect in making "hard loans," and I hope its activities will soon be expanded.

PROGRESS BEING MADE IN BILATERAL LOANS

As we discuss this problem with various administration witnesses, both formally in committee and informally in conferences, I am greatly encouraged over the prospect that at least this subject matter will not be taboo. The evidence presented to our committee when this subject was considered disclosed that negotiations through diplomatic channels in handling economic aid programs brought out the fact that in some countries the currency is practically on a par with American currency today. Many of the old arguments are gone—that their currency is in bad shape, that they have high unemployment, or that they are suffering from a deep economic depression. It is true no longer in some of the countries where the worst examples of tax dodging and tax evasion occurred.

I appreciate what the Senator from Wisconsin has said. I think we must make a record in this debate this year. The Senator from Wisconsin knows very well that in international negotiations our diplomatic negotiators make use, and should make use, of criticisms made on the floor of the Senate in debate. For example, an American negotiator, in the midst of a negotiation, may say, "The facts show that your tax collections are far below what your tax rates indicate they should be, and you need to know that under our form of government, under the advice and consent clause of our Constitution, the Congress has quite a voice in a foreign aid program." Such comments can be very useful. The negotiator might say, "We would have you keep in mind, for example, that Senators X, Y, and Z, in the course of debate, brought out the point that, in fact, American taxpayers are being asked to assume their tax burden, and on top of their own tax burden, to assume what ought to be the tax burden of taxpayers in other countries who have the ability to pay, but in which countries tax evasion seems to have become a national game."

The score in that game is figured by the amount of taxes one is able to avoid paying.

I will not vote for a foreign aid program which does not take that principle into account. It has not been taken into account, I respectfully submit, to the degree it should be taken into account in considering the amounts of money in this foreign aid bill for some countries whose people are notorious so far as their success in avoiding the payment of their share of taxes is concerned. So I say the time has come for the American taxpayers to hold both the Congress and the executive branch of our Government to a political accounting for such an inexcusable waste of millions of American tax dollars.

BILLS SHOULD NOT BE PADDED

5. The bill does not represent the real desire of many members of the committee as to the amounts of money for many of the items. I refuse to vote for a bill for parliamentary trading purposes. By that I mean that some members voted for higher amounts in the bill because they expect both the Senate and the conference committee to cut those amounts and then they expect the Appropriations Committee may cut them. I consider it the duty of the Foreign Relations Committee to vote out a bill that represents the honest judgment of the committee—not a padded bill. This bill is knowingly padded.

I digress, Mr. President, because I wish to say this criticism of mine of the bill coming from the Foreign Relations Committee is equally applicable, I am sorry to say, to too many bills that come to the floor of the Senate. Is the Senate a bargaining table? Is it a negotiating table? Are we in a situation where, on the floor of the Senate, we must engage in a guessing contest with the chairman of some committee because he will never tell the Senate how much the committee recommended over and above what they really thought should be authorized in the bill by way of a fiscal recommendation?

In my judgment this is a dangerous trend in Senate committee policies and procedures, and the Senate ought to stop it. The Senate ought to make clear to each and every committee that it will consider the committee in violation of a trust owed the full Senate unless the committee brings to the floor of the Senate a report upon which each Member of the Senate can rely as being the honest, rockbottom recommendations of that committee.

This issue is not something which can be passed off lightly in my judgment. I have heard this argument in the Senate Committee on Labor and Public Welfare, of which I am a member. It is said, "You have a body of facts and that body of facts shows you ought to recommend a bill authorizing an appropriation of X dollars," and yet the committee recommends a bill authorizing an appropriation of X plus Y dollars, assuming that Y dollars will be stricken from the bill on the floor of the Senate or in conference or later by the Appropriations Committee.

My position is not that of a purist. A critic cannot brush off what I am saying now by arguing, "Well, that is a fine ideal, but legislative bodies do not work that way." If they do not work that way, it is our responsibility. If they do not vote that way, it is the fault of 98 Members of this body.

Mr. President, I take some pride in being a pretty good "David Harum," but I limit my "David Harum" activities to my hobby. I have traded horses for 51 years. In fact, I beat a gypsy on a horse trade when I was 7 years of age. But I have no right to be a "David Harum" in conducting the people's business, either in a committee or on the floor of the Senate. I owe it to the people of my State to sit on any committee and vote for an amount of money by way of a recommendation which the facts show we ought to recommend to the Senate.

The only way we can stop the practice of which I speak, Mr. President, is for us to start stopping it. I should like to see some committee reports referred back to the committee from which they emanated with instructions from the Senate, once the facts are demonstrated that the committee report does not contain the judgment of the members of the committee as to what the amount actually should be, that the committee should bring back a report which contains figures without padding.

One reason why I voted against the committee report—and it was not a minor reason, was that I knew the committee report was a bargaining report in some respects, and I did not think what was recommended was the way to legislate. In one of the minor committees on which I have served for many years, the Committee on the District of Columbia, I have found the ugly head of this principle rearing itself in times past. But when I sit here and read a report from any committee of the Senate, I like to think I am reading a committee report containing recommendations which the committee really means.

Is it an answer to say, "If you get more than you really think you need, you do not have to spend it"? Who is the idealist now in the face of that argument? The reality is that when a final figure is contained in a piece of legislation, we can be pretty sure that that is the figure which will be spent.

There are some exceptions, but not many. I wish there were more. The whole tendency in Government is to spend up to the last dollar which is appropriated. I have talked to many about this trend, and I have talked to some who know a great deal about the history of the Senate, and I have concluded from those conferences, and my reading about the problem, that this trend is accelerated in modern times.

This does not mean that committee reports have always been padded. That never makes the practice right. It is one of the procedural practices of Congress which tends to help create bad legislation and results in various types of maladministration and contributes to bringing a program into disrepute. That is one of the reasons why I voted against this bill in the committee.

6. The bill in part weakens American security because it will stir up anti-American feeling in many parts of the world. Its grants to dictatorships of large sums for military aid do not strengthen us in our fight against communism, but rather play into Russia's hands. It creates a great deal of anti-American feeling in many parts of the world.

I am for strong U.S. defenses and strong NATO defenses and for sound foreign economic aid. But I am not for this bill which perpetuates an unsound foreign policy and weakens our greatest defense weapon, namely, our own economic strength.

The votes of many of the majority cannot be squared by their professions about balancing the budget. Here was a chance for the budget balancers to save a minimum of \$600 million for the taxpayers of America and not weaken our national security one iota.

I wish to warn the American people that once again an attempt will be made by this administration and the supporters of this bill to scare them into believing that Russia will get us if we don't adopt this bill which, in fact, wastes hundreds of millions of dollars.

I will yield to no one in voting adequate defenses for my country, but I refuse to be a party to letting the military minds, which are in control of our mutual security program, continue to waste such huge sums of money. I know that if the American taxpayers knew the facts about this bloated bill they would support my position.

In fact, I was interested in the rather consistent position taken by witnesses from the Department of State. Whenever a discussion touches upon the military, the tendency of the State Department representatives is to say, "Well, that is a little bit out of our domain; that is in the domain of the military."

That is dangerous. I believe that the State Department should assume the executive branch authority and responsibility for the mutual aid program. I believe that under our form of Government that civilian branch of the Government, the State Department, ought to be an effective check upon the Pentagon Building.

I have reluctantly come to the conclusion that for a long time past there has been a great tendency on the part of the State Department to let the Pentagon run the mutual security program in relation to the military; and when that program is run in relation to the military program, the military in effect controls the other branches of the program, too. I simply think it is necessary for Congress to place a check on the military, and quickly, in regard to its requests for expenditures.

The military are masters of the scare argument. For 15 years, every year, around appropriation time, a great crisis has been blown up. We are told that we must go down the line again with huge military appropriations, otherwise the country will collapse.

I shall continue to vote for military defenses which it can be demonstrated are essential, but I will not vote for a bill providing military allowances such as are contained in this bill. I think they were adequately described by one member of our committee when he used the phrase "bloated bill."

I served on the Committee on Armed Services for 8 years. It has become a habit for the Pentagon to come to Congress and ask for much more than it expects to get. This, again, raises the question of principle, which I discussed a few moments ago, about requests which are padded. The bill contains military requests which were not, in my opinion, substantiated by the record. It

is my hope that when the consideration of the bill is resumed tomorrow, it will be possible to modify it and amend it so that all Senators can vote for it.

In 1957 I voted against a mutual security bill in the Foreign Relations Committee and on the first vote in the Senate, but the fight that those of us put up in opposition to its original form resulted in sufficient modification in the final conference with the House that I was able to vote for it on final passage.

I hope that similar modifications will be made in this bill so that I can vote for it. However, if it remains in its present form, I shall continue to vote against it in the interest of a sound mutual security program.

SHORTCOMINGS OF BILL

Mutual security legislation will have my support in the future if, but only if, I am convinced that it has been adapted in such a way as to protect this Nation from military threat, to assist developing nations to get on their own feet economically, socially, and politically, and to promote individual freedom abroad. The bill before the Senate is better than the bill sent to the Senate by the President. But it suffers from the serious shortcomings I have mentioned above.

Financially, the bill before the Senate gives the President not only what he asked for in the sums to be authorized for expenditure, namely, \$3.9 billion, but makes available to him no less than \$245 million more than he asked for—at least, when the bill came out of the committee, and prior to the scuttling action which was taken by the Senate on the Fulbright Development Loan program last week.

The bill authorizes the appropriation of \$3.1 billion. But, in addition, it permits the President to borrow an additional \$1 billion from the Treasury for the Development Loan Fund, a program of economic loans to foreign countries.

Now, Mr. President, with reference to the Development Loan Fund, the argument is made that the President will not use this \$1 billion. The argument is made that this \$1 billion will not be a charge on the Treasury during the next fiscal year. I am not persuaded by these arguments because they are simply evasions of one important fundamental fact, namely, that this \$1 billion will eventually be charged to the American taxpayer. This billion dollar amount is a sound estimate and I am all for it. However, the bill should be cut in other items so as to reduce it substantially from the total amount asked for by the administration.

As I noted above, I support making this \$1 billion available for development loans. But we should not vote this money and then try to justify it by claiming that it really will not be spent. Instead, we should reduce proportionately those portions of the bill containing direct military assistance funds and those containing economic assistance related to military aid.

Indeed, I believe the President should use the funds in the Development Loan Fund as rapidly as sound programs can be developed. We have no time to spare in the economic race with the Soviet Union. The greatest threat we face is that posed by the economic offensive of

the Soviet Union in underdeveloped countries, and I am at a loss to understand why Members of Congress can take the position that the Development Loan Fund should be reduced and military assistance maintained at a large figure.

Actually, the program presented originally by the President, so far as its overall figures were concerned, was not as badly inflated as it was out of balance. I object, however, to giving the President on an overall basis more than he asked for.

The fact is, and we may as well face it, that it is a characteristic of Presidents to ask Congress for more than is needed to meet estimates of the executive branch, simply because Presidents expect to have their requests for funds reduced in amount by the Congress. This year, however, the President will get, if this bill passes, not only what he asked for, but \$245 million more. Furthermore, once Congress gives money to the President, he spends it. I know there are a few exceptions to this statement, but I predict that if Congress gives the President authority to commit a total of \$4.1 billion during next year, he will spend it.

Administratively, the bill before the Senate is a monstrous thing. It is wide open with delegations of legislative authority to the President. The President is given a contingency fund of \$180 million—the fund I sought to reduce by 60 percent. He in turn delegates meaningful authority to handle that fund to various lower echelon, politically irresponsible, officials.

The bill also labels economic assistance as defense support. It provides funds for military assistance for projects which have no relationship to the security of the United States. The bill continues as a separate agency the International Cooperation Administration and gives it administrative responsibility for vital activities of foreign policy. The bill makes no provision for continuity of planning. It is still based on the theory that foreign aid may come to an end next year, when we all know it will not.

The bill, even with the admirable amendment by the junior Senator from Idaho, Mr. CHURCH, does not go far enough in preventing use of the secrecy label by the administration in keeping secret from the American people factors affecting our very survival.

Just one brief word on that point, in connection with evaluation reports. As I said the other day in the Senate, we are denied evaluation reports, which go to the State Department. They show how the program is actually being administered and how our money is actually being spent. The administration denies the reports to Congress on the ground of executive privilege. I have always spoken in the Senate, and will speak again, to protect any administration, Democratic or Republican, in the exercise of its rights under the separation-of-powers doctrine.

I think a very strong legal case could be made in support of the denial by the administration of the evaluation reports to Congress, if the administration were to do so. But I do not see how the ad-

ministration can possibly adopt some other policy, and justify its doing so, if it really wants to cooperate with the people's representatives in Congress under the advice and consent clause of the Constitution, to the end of working together for the best possible mutual security program which Congress and the executive branch of the Government can work out.

Mr. President, the separation-of-powers doctrine and the use of the executive-privilege reason for not supplying Congress with information which Congress seeks are not mandatory upon the Executive. The Executive is in no violation of the law if the Executive supplies Congress with information which the Executive does not have to supply Congress. That point seems to be lost sight of in so much of the discussion about the separation-of-powers doctrine.

The separation-of-powers doctrine, so far as the Executive privilege is concerned, is an Executive check upon Congress. But the Executive does not have to use the check in those instances in which the Executive is satisfied that it would be helpful to Congress in fulfilling its responsibilities. Congress could be supplied, for example, with evaluation reports coming in from all over the world—from our embassies, from the ICA, from all the Federal agencies abroad—submitting information concerning the operation of the mutual security program.

I submit that a President of the United States who really wants to cooperate with the people's congressional representatives would exercise his discretion—and of course I would permit him to exercise whatever discrimination he wished to use—guided by the policy of making available to Congress every bit of information it requests from the executive branch, save and except in the rare instances in which the President believes that the supplying of the information might in some way threaten the security of the Republic.

But that is not the record of the Eisenhower administration. Its record for the most part has been an absolute refusal to make available to Congress information which Congress needs when it comes itself to evaluate the mutual security program. Congress has to rely upon secondary sources, unofficial sources. The book entitled "The Ugly American" is very critical of the administration of our mutual security program. But what do the spokesmen of the Eisenhower administration say, by and large, about the book "The Ugly American"? They say it is exaggerated; they say it does not give a true picture. But they do not document their rebuttal. So we say to the executive branch, "Let us see the evaluation reports. Let us see what the ICA or the CIA or the Embassy in Laos said. Let us see what the evaluation reports as to the operation of our program in Pakistan are. What about France and NATO and mutual security funds? There is a great deal of criticism and there are many charges that France used mutual security aid in connection with the French internal problems in Algiers. What are the facts?"

The evaluation reports will show; but they are denied to us. The President hides behind executive privilege. Certainly he needs to read the record made by the Presidents who have preceded him. The interesting thing is that all the Eisenhower administration has ever given to the public on this matter, so far as I have read, have been the instances in which Presidents before him have denied the Congress information, on the ground of executive privilege. But President Eisenhower has not told the American people of the many, many times that Presidents before him have supplied Congress with information which those Presidents could have kept from Congress if they had wished to exercise their checking power by way of executive privilege.

The interesting thing is that this point has been discussed by most Presidents throughout our history, beginning with George Washington. George Washington made clear that as a matter of general policy a President should cooperate with Congress. He felt that the President should supply Congress with information from the executive files, when the information would be helpful to Congress in connection with its carrying out of its legislative responsibilities. The exception to this would be the rare instance in which the President honestly believed it would not be in the national interest to supply the information. Jefferson took the same position. Lincoln—who has been cited time and time again as a President who exercised executive privilege during very, very difficult war years—also recognized, however, that in the instances in which the national interest would not be jeopardized, the President should make the information available.

So I was glad to support the Senator from Idaho [Mr. CHURCH] on the matter of the policy of secrecy which the Eisenhower administration has followed in regard to denying to the Foreign Relations Committee the evaluation reports.

Mr. President, we are not asking that the reports be supplied for public consumption in the first instance. This administration has nothing to fear from the Foreign Relations Committee in regard to its executive sessions. That is evidenced by the fact that time and time again the committee has discussed with members of the State Department and other officials of the government highly secret matters. But it is our opinion that if we could have obtained from the Eisenhower administration the evaluation reports on the actual operation of the mutual security program, we would be bringing to the Senate a better bill than the one we are bringing to it. So this matter becomes simply one of good government administration.

Mr. President, as I said in my minority views and now repeat:

Economically, the bill contains financial gifts for governments that should be doing more for themselves, but which will never undertake essential economic readjustments so long as we continue to support them. Although the bill would make \$1 billion per year for 5 years available to the Development Loan Fund—of which I heartily approve—it has failed

to accompany that desired action with a move toward reducing gift funds, and the padded requests for military assistance.

PAST RECOMMENDATIONS IGNORED

My opposition to this bill, and the opposition of many of my colleagues in the Senate, should come as no surprise to the executive branch of the Government.

In the summer of 1956, the late distinguished chairman of the Committee on Foreign Relations, Senator George, proposed the creation of a Special Committee To Study the Foreign Aid Program. He knew even then the program was in trouble. The committee created by the Senate included not only all of the members of the Committee on Foreign Relations, but distinguished senior members from the Committees on Appropriations and Armed Services, including Senators HAYDEN, RUSSELL, BRIDGES, and SALTONSTALL. The special committee, assisted by an able staff, enlisting the research facilities of the most reputable educational and research institutions in the United States, and with the help of a number of our most able citizens of all political persuasions, reported the results of its work to the Senate in May of 1957.

The special committee submitted a unanimous report—a most unusual occurrence in the U.S. Senate.

That report set forth in 30 pages the most definite analysis of our aid program that has ever been produced. Broad-gage, carefully worked out recommendations were outlined in heavy, black type, the better to be read by the Executive and the Congress.

So far as I have been able to ascertain, those recommendations, most of which were directed at the executive branch of the Government, were not read, or, if read, fell on sterile soil. Regrettably, some of the recommendations which should have been taken to heart by my colleagues in the Congress were also ignored.

As a result of the executive branch phobia—that only what it originates is right—and as a result of our congressional inability to force into the program certain changes in policy direction and administrative practice, the foreign aid program has encountered increasing opposing among the American people. Many of the able Senators who served on that special committee have found the annual foreign aid programs presented to the Congress to be so at variance with concepts of a sound aid program that they have had to vote against them, despite the fact that in 1957 they were able to subscribe to a unanimous report which in summary stated:

In summary, the committee believes that there are valid reasons for the United States to continue various types of foreign aid. Such aid, if clearly conceived and properly administered, may be expected to serve the interests of the United States by promoting its defense, by contributing to its economic growth and spiritual strength, and by helping to develop a world environment of freedom in which the American people may live in peace.

Uncertainties have plagued the foreign aid programs in recent years. The committee does not believe that the foreign

policy interests of the United States are served by continued uncertainty as to the objectives and the nature of our aid programs. Such uncertainties have given rise to confusion not only among our citizens but to confusion among nations which look to the United States for leadership.

The committee was impressed by the fact that it has received very few expressions of view proposing the outright abandonment of these programs. There have been criticisms of particular programs, but often those who opposed one program supported another. Some who were critical of military assistance, for example, supported funds for economic development; some who felt that economic assistance should be on a loan basis have urged military assistance on a grant basis; some who opposed economic assistance through the United Nations supported bilateral technical assistance programs.

As indicated in the following pages, there are many ways in which foreign aid programs can and must be improved. Objectives can be clarified, some grant programs can be converted to loans, administration can be streamlined, and substantial sums can be saved. There may be disagreement as to details and amounts, but on the fundamental question of whether these programs in modified and improved form should be continued, there is only one answer.

Foreign aid is necessary, and it can and must be made to serve the national interest, commensurate with its cost.

The basic conclusions and recommendations of that 1957 report are still, for the most part, valid, simply because we have not yet done the things the special committee recommended. I could support an aid program tailored to the recommendations of that special committee—recommendations which would both reduce the cost of foreign aid and improve its effectiveness if they were carried out.

So that the executive branch may once again have opportunity to examine these recommendations, I reprint here the final recommendations of the 1957 report, which read:

V. RECOMMENDATIONS ON FOREIGN AID PROGRAMS

A. Clarification of objectives of policy

The objectives of the various foreign aid programs should be separated, refined, and restated, as necessary, by the executive branch and the Congress.

All foreign aid undertaken by the United States should serve the national interests of the United States. There are, however, diverse national interests involved in our relations with other nations and various types of foreign aid programs by which these interests may be served.

The committee recommends that the following be regarded as appropriate objectives of foreign aid, to be pursued, as necessary, by separate aid programs:

1. To increase the effectiveness of the military defense of the Nation and to lower its total cost to the people of the United States.
2. To stabilize situations in other countries to the extent that such situations involve the critical security and political interests or the humanitarian concern of the United States.
3. To promote friendly cooperation with countries seeking technical assistance in modernizing their societies.

4. To encourage the evolution of free political and economic systems in other independent nations by assisting them, on a self-liquidating basis, in their economic development.

B. Military aid policy

Military aid should be continued and efforts consistent with national security should be made to reduce the rate of expenditures.

The committee finds that military aid is essential to the national defense and recommends that it be continued. On the basis of its inquiry, it believes immediate reductions in costs are possible and notes that in recent weeks the President has proposed a saving of \$500 million in his January budget estimates. The committee urges the President to continue to examine the budgetary estimates for military aid for fiscal year 1958 with a view to additional reductions. In this connection the committee calls attention to three specific questions: (1) The suitability of the level of military aid and the types of arms being provided to less developed countries; (2) the possibility that competition for arms aid among recipients is adding unduly to the cost of the program; (3) the possibility that, in planning foreign aid programs, insufficient consideration is given to the impact of arms aid as a factor in generating increased needs for supporting aid.

The committee further recommends that the appropriate standing committees of the Senate make a broad inquiry into the present relationship of military aid to the strategic concept of the defense of the United States in order to determine the effectiveness of the interrelationship and to make recommendations on permanent policy with respect to military aid.

C. Nonmilitary aid policy

1. Supporting aid should be continued and efforts consistent with national security should be made to reduce the rate of expenditure.

The committee believes that the continuation of supporting aid, which goes in large part to peoples under critical threat of Communist aggression or subversion, is in the national interest. It also believes that reductions in the budgetary estimates for fiscal 1958 are possible, and to that end urges the President to reexamine immediately those estimates country by country. In this connection, it calls special attention to the following: (1) The question of unrealistic exchange rates as they affect the cost of supporting aid; (2) the question of the adequacy of the criteria now being employed by the executive branch in determining areas of critical importance to the United States and emergency situations; and (3) the question of separating from what is now defense support that aid which in fact should be classified as development assistance.

The committee further recommends that the Committee on Foreign Relations study in detail the operation of supporting aid in countries where it has assumed significant proportions and an apparently continuing status, with a view to recommending measures for orderly reduction of such aid and, where possible, its elimination through more intensive economic development of such countries over a definite period of time.

2. Technical assistance should be continued substantially as at present.

The committee recommends full support of this program. It recommends further that the executive branch begin now to consider additional ways in which this program, now named technical cooperation, may actually be made more cooperative in fact.

3. Economic development assistance should be put on a repayable basis through the mechanism of a development fund.

For reasons noted in its conclusions, the committee recommends discontinuance of grants for development assistance, except insofar as technical aid may contribute to this end. It urges, further, that all funds for development assistance be centralized in the proposed development fund. The concept of this fund must not be that of a new name for grants or solely that of a new source of loans on easy terms. The concept should be such as to permit the fund to supplement the lending operations of the Export-Import Bank and the International Bank, to promote the flow of private capital abroad and to encourage the development of private enterprise within recipient countries. As already noted, there are banking and financing devices in addition to loans which might well be encompassed in this concept. It is possible, for example, to envisage the revolving fund being used for joint investments with private enterprise or for the acquisition of debentures in national and regional development banks of a quasi-public nature established by other countries. The fund should be so operated as to encourage expanding participation by private enterprise in international development.

D. Administration of aid programs

1. Military aid should be administered by the Department of Defense with foreign policy direction of this aid vested in the Secretary of State.

Present legislation does provide for an administrative arrangement of this kind. In practice, the Department of Defense does carry out the military aid program. As noted, however, the responsibilities of the Secretary of State for providing foreign policy direction to military aid have been delegated to the Director of the International Cooperation Administration. The committee doubts that the Director is in an influential enough position to provide the type of foreign policy direction which must be provided if military aid is to work harmoniously with other aspects of foreign aid and foreign policy. It strongly urges that the Secretary of State assume responsibility for giving foreign policy guidance to military aid.

2. Responsibility for supporting aid should rest with the Secretary of State.

Supporting aid must be responsive to continuing changes in the international situation and to events in recipient countries. Primary responsibility for registering and interpreting these changes into foreign policy rests with the Secretary of State.

The committee is aware of the reluctance of the present Secretary of State to include operating functions in the Department of State. It is also aware of the already heavy burdens of his office in making and administering policy. Operating functions connected with foreign aid will increase these burdens. The committee notes, however, that the instruments of government can hardly be designed effectively if they must be continually reshaped to meet the changing predilections of changing incumbents.

The committee does not, at this time, recommend that Congress insist upon a full merger of the International Cooperation Administration with the Department of State. The logic of such a move is in any event already compelling such mergers in many U.S. diplomatic posts abroad, notably in Europe. The committee believes these mergers are in the interest of more effective and efficient operations, and it invites the attention of the executive branch to them. It suggests that the Secretary of State reexamine his position on this question with a view to continuing and speeding up the process of integration of the International Cooperation Administration into the Department.

So long as the International Cooperation Administration continues to exist, the committee urges clarification of its present ambiguous status as a semiautonomous agency within the Department of State. It

recommends, in this connection, that responsibility for supporting aid rest with the Secretary of State.

3. Consideration should be given to separating the administration of technical assistance and the proposed development fund from the administration of other forms of foreign aid.

These two types of aid do not normally have immediate political or military impact. Their long-range effect on our relations with other nations, however, may be of the greatest significance. If technical assistance and development assistance continue to be administered together with supporting aid, as at present, their long-range purposes are likely to be obscured and their impact reduced by their being confused with more urgent needs of foreign policy. Furthermore, the committee sees little prospect of placing all development assistance on a repayable basis, as can and should be done, if the intermingling persists.

To make the maximum economic use of the proposed development fund, its operations must be closely coordinated with those of other sources of capital which flows abroad. The committee recommends therefore that consideration be given to vesting control of the proposed development fund in a Government corporation which would include on its board of directors representation drawn from the Export-Import Bank, from the U.S. directorate on the International Bank, from the Department of State, and from the Department of Commerce.

4. Present coordinating arrangements for interrelating foreign aid policies with other activities abroad should be reexamined by the President and the Senate and revised as necessary to insure greater effectiveness.

The committee calls attention to the fact that activities of the Department of Agriculture, the U.S. Information Agency, the Export-Import Bank, and other agencies and departments as well as those of U.S. delegations to various international organizations bear a close relationship to the administration of foreign aid. The committee believes that the need exists to study, clarify, and improve existing procedures for coordination of these various activities and urges both the appropriate authorities in the executive branch and the appropriate committees of the Senate to examine this problem in detail.

5. Personnel policies for foreign aid administration should be reexamined by the executive branch in the light of the committee's other recommendations with a view to securing satisfactory conditions of employment for essential personnel while limiting the number of this personnel by utilizing, where appropriate, private contractors and universities and skilled personnel from other Government departments in carrying out the aid programs.

To the extent that the committee's other recommendations are applied, the committee believes that a substantial contraction in the number of officials engaged in foreign aid operations can be anticipated and, with it, increased effectiveness in these operations. So long as foreign aid is continued, however, the need will exist for capable Government employees—military and civilian—of high competence in these operations. These employees should have satisfactory conditions of employment and tenure as in fact those from the Department of Defense now have and those of the International Cooperation Agency would have if this agency were fully integrated into the Department of State.

To minimize the number of aid personnel, the committee urges that maximum utilization be made of technically competent employees from other departments of the Government on a temporary basis in connection with foreign aid operations. It also urges improvement of present contracting procedures

to encourage wider participation on the part of universities and private organizations and firms in these operations.

E. Legislation

1. Future legislation should make clear the distinction of purpose and function as between these principal categories of aid: military aid, supporting aid, technical assistance, and economic development assistance.

The committee notes that the legislative question involved in this recommendation is not so much one of whether these various types of aid are provided for in a single piece of legislation or in two or more. The important point is that whatever form the legislation takes, the purposes of each type of aid should be clearly demarcated and expenditures of funds earmarked for each type should be directed to its specific purposes. Unless this is done, it will not be possible for the people of the United States or the Congress to understand either the distinct objectives or the magnitude of the various programs. It will not be possible to form an evaluation of their varying efficacy. It will not be possible, in short, to control these programs in a responsible fashion.

With particular reference to the proposal which has been made to place funds for military aid in the Department of Defense appropriation, the committee believes that, if the President so desires, this change should be carefully considered. If the change is made, however, the committee believes that such funds should continue to be clearly earmarked for foreign military aid and that Congress should continue to authorize such appropriations annually, pending a clear determination of the role of military aid in the total strategy of national defense.

2. An economic development fund should be established to provide assistance on a repayable basis to other independent nations for economic development purposes.

The committee does not believe that such a fund can be established on a businesslike basis unless it is treated apart from the other types of aid. The one possible exception is technical assistance, whose purposes while presently distinct, in the long run dovetail with those of economic development.

Further, the committee believes that this fund is too important to be set up in haste. Interim measures may be necessary, but the fund should not be established in permanent form until its implications have been fully examined by the executive branch and the appropriate committees of the Congress. On the basis of its consideration of this question, the committee recommends that the following criteria should guide the formation of such a fund:

1. All bilateral development assistance, other than that extended by the Export-Import Bank, should be provided through the proposed revolving fund.

2. All development assistance should be extended on the basis of reasonable expectation of repayment. Such assistance must of course involve financial risks but it should not be a camouflaged form of grant aid.

3. The concept of the fund's function should be broader than the extension of "soft loans" as heretofore described. It should encompass the use of other financial devices for encouraging the flow of capital abroad, including joint undertakings with private enterprise and direct and indirect investments abroad out of the funds resources.

4. The policies of the revolving fund should be closely coordinated with those of the Export-Import Bank and the positions taken by the U.S. representatives in the International Bank. To that end U.S. representation from both sources should be brought into the direction of the fund.

5. The operations of the fund should help to encourage the flow of private capital

abroad. Ideally, it should help to bring about the day when private enterprise can carry the responsibility for supplying capital for economic development. To that end representation from the Department of Commerce should be brought into the direction of the fund.

6. The fund should be operated with an awareness of foreign policy considerations. To that end, representation from the Department of State should be brought into the direction of the fund.

7. The fund's working capital should not be provided in a lump sum by Congress but should be built up in an orderly fashion by payments into its capital over a period of years, as the needs become clearer and as Congress has an opportunity to determine how soundly it is being operated.

VI. CONCLUDING COMMENTS

The committee recognizes that the recommendations it has proposed involve far-reaching changes in the concept and the operation of the foreign aid programs. It recognizes that these changes cannot be brought about in a moment. Nevertheless, it believes they can and should be brought about promptly if the foreign aid programs are to continue to serve the national interest.

The committee anticipates that many of its recommendations can find expression in the foreign aid legislation for the fiscal year, beginning July 1, 1957. It believes that there can be a clarification of the purposes and the types of aid programs. It believes that a beginning can be made on the administrative improvements which it has proposed. It believes that there can be an immediate and discriminating reduction in aid provided on a grant basis but it warns against the adverse consequences inherent in indiscriminate cuts to the safety and the international position of the United States.

The committee recommends, therefore, that the Senate consider the President's proposals for mutual security legislation for the fiscal year beginning July 1, 1957, in the light of these immediate expectations. It is convinced that they are reasonable expectations.

Further inquiry into certain aspects of foreign aid programs is desirable and necessary. The need still remains to examine in detail the relationship of military aid to the strategic concepts of national defense, if not those concepts themselves. The need remains to study in depth the operation of supporting aid in many countries. The need remains to study the coordination of aid programs with various overseas activities of other departments and agencies of the Government. The need remains to examine fully the financial and other economic implications of a revolving fund for development prior to its establishment in final form, the examination to include the question of the accumulation of large holdings of local currencies by the United States. The need remains to examine the question of tax incentives and other devices for encouraging the flow of private investment abroad.

The special committee has not examined these questions in detail, partly out of limitations of time and because some of them fall clearly within the competence of standing committees of the Senate. Despite these limitations, the committee is satisfied that it has substantially discharged the responsibility vested in it by the Senate to make a thorough study of the foreign aid programs. It has found that these programs do serve the interests of the United States but that they can be made to serve those interests at a lower cost, with a much higher degree of effectiveness than is now the case.

The committee wishes to make it abundantly clear that foreign aid is not an end in itself but is an instrument of national policy. The objective of our aid policy is

to help create conditions in the world which will permit the termination of foreign aid programs, to the end that they will no longer constitute a burden on the American people. The final proof of able administration of the aid programs will be evidenced by the speed with which this end is achieved.

Since that report was made 2 years ago, I have been assiduous in my efforts to bring it to the attention of members of the executive branch and of the Congress. I have made numerous speeches calling attention to its recommendations.

Even in 1957, however, I found it necessary to oppose the foreign aid bill when it was first before the Senate because it so largely ignored the recommendations of the committee. The minority views which I filed that year noted that the Committee on Foreign Relations sought to accommodate the views of the administration, but it did so "by ignoring in large measure the key recommendations of the Senate's own Special Committee To Study the Foreign Aid Program."

Indeed, it is this very tendency which we often encounter in Congress—the tendency to accommodate to the views of the executive branch of the Government—which I fear will ultimately destroy our freedoms. Instead of thinking for ourselves, we constantly ask: What does the executive branch want?

What the executive branch wants is to have things its own way.

We can always be sure of that. The administration does not want opposition—least of all, criticism.

Out of the some 50 or 60 amendments considered this year by the Committee on Foreign Relations, I would estimate that 90 percent of them were opposed by the executive branch.

How can we have a government of separation of powers if growing numbers of this body will not vote their convictions until the executive branch of the Government has had opportunity to tell them what their convictions should be?

Our job is to be students of government. Our job is to reach our own convictions, based upon our own study, including a study of the reasons of executive branch of the Government for its recommendations and the evidence supporting those recommendations, if any. But it is not our job as U.S. Senators to rubberstamp any administration of any party in the field of foreign affairs, or any other field.

Are we elected to our honored positions to reflect what the American people think, or what some underling of the President thinks?

One of the arguments made again and again by some Senators on the Foreign Relations Committee was that we should go along with the administration bill because it is what the President has requested.

The rhetorical question was asked again and again: "Who are we to question the President on mutual security matters?"

My answer was, and is, that it is our clear duty under our oath of office to question the President whenever we believe the facts do not support the President's position.

The Senate Foreign Relations Committee spent more than 3 weeks in hear-

ings on this bill; the hearing record is voluminous. The committee spent many more days in executive session during the markup of the bill. Committee members, as a result of the long hearings and thorough analysis of the bill, undoubtedly could pass a stiffer examination on the bill and the foreign aid program than could the President himself, and I make this comment most respectfully. I pause on it for a moment, Mr. President. A great propaganda job has been done on American public opinion on this point. The mediums of information in America have succeeded in creating the false impression that the President of the United States is the expert on mutual security problems. I deny it. I not only deny it, Mr. President, but I would hate to think of the grade the President of the United States would get on an examination on the details of this mutual security bill. That would be true of any President, but it is particularly true of this one, because, if we do not know his habits of work by now, if we do not know by now his general staff approach to carrying out the administrative duties of this Government, then we only convict ourselves of not doing any studying as to what has been going on in the executive branch of the Government under this administration.

Mr. President, I am convinced that the work the Foreign Relations Committee did on the bill in hearings, and the time it took in considering the bill during markup, place the Foreign Relations Committee of the U.S. Senate in a better position to inform the American people and to recommend to the American people policies which ought to be followed in respect to the mutual security bill than is true of the President of the United States; and I say it most respectfully.

The President simply has not had the time, and he has not taken the time, to go into the detailed study of the bill that the members of the Foreign Relations Committee have given over the long period of time that we have wrestled with the details of mutual aid problems. That is no reflection on the President. It is a statement of the realities of legislative life.

The details of the bill have been prepared by echelons so far below the White House presidential desk that it is not to be expected the President would be fully informed about it. The President is fully informed as to the general policies of the bill, but I say his recommendations must be considered in light of the fact that his recommendations relate only to general policies, and not as to detail. There must be not only sound general policies, but the bill must be sound in its details if we are to have sound, good legislation, in the interest of the American people.

Mr. President, what we are seeking to do is to point out that many of the details of the bill are not sound. We are also seeking to point out that we still live in a representative form of government, under a constitution that gives to the Senate and the House of Representatives of the United States, a check upon every President, including this one—not

only gives it to them, but places upon each Member of the Congress a solemn trust and obligation to carry out the check, and not pass the buck to the President of the United States. We are not justified in merely asking, well, what does the President want? We are not justified in merely asking, well, is the President against it?—meaning, in asking the question, that if the President is against it, the individual Senator or Representative will be against it.

Mr. President, if one is going to take such an attitude as a Member of Congress, then he should stop giving the impression that he believes in our constitutional system of government.

We have the impersonal duty as U.S. Senators to study and analyze a bill such as this, including the President's position, and to follow where the facts lead, not to where the President would have us go if facts do not support him.

So I say, Mr. President: The rhetorical question was asked again and again: Who are we to question the President on mutual security matters?

My answer was, and is, that it is our clear duty under our oath of office to question the President whenever we believe the facts do not support the President's position.

The Senate Foreign Relations Committee spent more than 3 weeks in hearings on this bill; the hearing record is voluminous. The committee spent many more days in executive session during the markup of the bill. Committee members, as a result of the long hearings and thorough analysis of the bill, undoubtedly could pass a stiffer examination on the bill and the foreign-aid program than could the President himself, and I make this comment most respectfully.

However, every Senator knows the President has not given to this bill the detailed study which members of the Foreign Relations Committee must give to it. His time simply does not permit it. We all know that the bill and the details of the mutual security program are prepared for him by many subordinates in the executive branch. The President, with his multitude of duties, can pass value judgments upon only the major features and objectives of proposed legislation.

Under our constitutional system, it is the duty of Congress to check the details of such legislation, and correct any mistakes or waste or potential inefficiencies found embedded in it.

It is an easy out for a Member of Congress to say, I voted for the bill to back up the President. But such an argument just is not good enough, because the voters, under our parliamentary system of checks and balances, have the right to ask Members of Congress to weigh carefully the recommendations of the administration and to correct those mistakes and unsound policies which congressional hearings and research studies reveal to be contained in any bill recommended by the President.

It is an easy out to rubber stamp a President's wishes. But when Members of Congress do it, they evade their legislative responsibilities.

Plain speaking is required. Except for a half-hearted, inadequate response to the recommendation of the special committee of 1957 for the creation of the Development Loan Fund, we have bumbled along with an aid program that "just grewed." Executive leadership is nonexistent. From presidential messages to the secret justifications presented to the Committee on Foreign Relations, we have encountered only rewritten clichés year after year. We can anticipate that these clichés will be rewritten for use again next year, as they were last year, and the year before. The foreign aid rut is so deep that the American people will call a halt to the whole program unless we have the courage to dig ourselves out and move in new directions.

Our foreign aid programs are in for progressively more trouble, year after year, unless the Congress asserts its foreign policymaking role in such a way as to force aid programs into the channels which our special committee charted over 2 years ago.

My proposal that the military assistance program be reduced by \$400 million was the result of the recommendation of the special committee, and I quote from the report, that "on the basis of its inquiry," the special committee "believes that immediate reduction in costs are possible."

When I proposed a reduction in funds authorized for defense support, and for special assistance—both categories of grant aid—I had clearly in mind the finding of the special committee, that—

It is a characteristic of independent peoples that while they may be compelled to accept supporting assistance (defense support and special assistance) because of a military or political situation that is beyond their immediate power to control, they do not formally relish such assistance. They, no less than ourselves, ought normally to be anxious to reduce this element of dependency as rapidly as possible. Unless steps are taken promptly to bring about such a reduction, supporting assistance is likely to become increasingly an irritant in our relations with them.

When I supported putting the Development Loan Fund on a long-term basis so that it might replace to some extent our grant economic aid, I had clearly in mind the statement of the special committee that—

The concept of this fund must not be that of a new name for grants or solely that of a new source of loans on easy terms. The concept should be such as to permit the fund to supplement the lending operations of the Export-Import Bank and the International Bank, to promote the flow of private capital abroad, and to encourage the development of private enterprise within recipient countries.

In short, the views which I sought to embody into changes in the mutual security program were views based upon the most careful research done by the most reputable individuals and institutions in the United States at a cost to the American taxpayer of some \$250,000. They were views supported unanimously by 19 of the most distinguished Members of the U.S. Senate.

The bill before the Senate this year is, as the committee report suggests, a be-

ginning—but it is only a beginning. Unless the Senate sees fit to make certain additional changes in the bill before it, by reducing funds for military purposes, by moving more rapidly to reduce gift aid, and by removing more of the wraps of secrecy, the small beginning the committee has made will be engulfed in the maze of bureaucracy before the year is out.

I will continue to devote my efforts toward making the mutual security program one which will serve the American people.

Tomorrow, Mr. President, I shall offer the amendments which I offered in the committee. I may offer one or two additional amendments, unless they are offered by my colleagues, in the hope that the Senate this year will come at least a little closer to carrying out the recommendations of the impartial experts who made a study which is heralded by all students on this subject as a very sound and able analysis of the strengths and weaknesses of our foreign aid program.

All the senior Senator from Oregon seeks to do is to eliminate the weaknesses, to strengthen the strong points, to enlarge the program on a sound loan basis which will really come to grips with the problems we face in this great contest between freedom and totalitarianism in the underdeveloped areas of the world. This contest can be won for freedom only if, before it is too late, we convince the millions of people in those countries that their economic well-being, their political independence, and their dignity as children of God are to be found on the side of freedom.

Mr. President, that concludes my remarks on the foreign aid bill. I have a few brief remarks to make on another subject.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

SARAJEVO, 1914

Mr. MORSE. Mr. President, in the New York Times for June 26, 1959, there was reviewed by Raymond Walters, Jr., a new book entitled "Sarajevo," written by Prof. Joachim Remak, of Oregon's Lewis and Clark College. Professor Remak is a teacher of the history of diplomacy at Lewis and Clark.

The book is a detailed account of the assassination at Sarajevo in 1914 of Archduke Franz Ferdinand, heir to the throne of Austria-Hungary, and his wife, by a group conspiring to carve the Serbian population out of Austria-Hungary and unite it with neighboring Serbia.

The reviewer for the Times finds this a praiseworthy and valuable account; he says of Professor Remak's work:

He has organized his complicated material skillfully and he tells it dramatically in a lucid, if not always felicitous, style. His book will fascinate any reader whose cup of literary tea is conspiracy or royal intrigue.

I find a much further interest in the story of a single act of violence which touched off the holocaust of the First World War. Professor Remak records, and I quote again from the review:

The number of soldiers and civilians known to have been killed has been given

at 10 million; the number wounded, including the totally disabled, at 20 million. History has recorded few other single acts of violence with consequences so bloody as the crime at Sarajevo.

Many will say with great justification, that the causes of war, the surging tide of self-determination and nationalism which was gripping Europe, the economic struggle for markets and for colonial possessions with their great natural resources, were all stacked up just waiting for the spark to touch them off. It is true that this assassination would not likely have resulted in a world war had not the tensions which lead to war already developed.

But it is also true that when the world becomes torn and divided with economic and social differences and rivalries, and when nations turn themselves into armed camps in the expectation and sometimes the half-expressed hope that war will come, it does not take much to set it off.

The world, unfortunately, is in such a condition today. Both the great powers, the United States and Russia, are spending tens of billions of their wealth on armies, navies, and weapons of destruction. The nuclear race and missile race occupy the time and attention of both nations, far in excess of the time and attention given to efforts to solve or work out the problems which beset us, or to elevate the rule of international law to the point where war can become obsolete as a means of settling international disputes. Our ideological and economic differences are basic and profound.

For 10 years the world has been in just about the same state as it was before the power keg blew up at Sarajevo 45 years ago with such horrible consequences.

When we read the accounts of the hearings being conducted by Representative HOLIFIELD for the Joint Committee on Atomic Energy on the effects of nuclear war upon the American people, one cannot help but wonder whether that horror might be visited upon us through just some incident as an assassination.

Representative HOLIFIELD's subcommittee is assuming a medium-sized attack upon the United States by Russia with nuclear weapons, either in retaliation for an attack by us or as an assault initiated by Russia. It assumes that the industrial centers of this country would be the centers of the attack. Upon these assumptions, scientists and experts in this field estimate that 22 million Americans would die at the outset and 27 million more would die within 60 days. Twenty million would be injured but could be expected to survive.

We know that conditions in the world are in a precarious state. We know that the destruction of a war now would far surpass anything that has ever occurred in human history. How can we say, in light of the history Professor Remak has recorded in his book, history less than half a century away from us, that it could not be started by accident or through an incident?

History can be a great teacher if we will try to learn from it. This volume

is not just a story of something that happened in the past, but a warning of what can easily happen at any time in the present or future.

I commend it to my colleagues, particularly those on the Foreign Relations Committee, for their reading.

I also ask unanimous consent to have the review printed at this point in the CONGRESSIONAL RECORD.

There being no objection, the review was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 26, 1959]

BOOKS OF THE TIMES

(By Raymond Walters, Jr.)

In retrospect it seems obvious that two pistol shots fired 45 years ago this coming Sunday rang down the curtain on a halcyon era and ushered in the anxious age in which we now live. With modest headlining, newspapers reported the occurrence this way: "The Archduke Franz Ferdinand, heir to the throne of Austria-Hungary, and his morganatic wife, the Duchess of Hohenberg, were assassinated yesterday in the town of Sarajevo, capital of Bosnia, which was annexed by Austria a few years ago. The royal visit had been in connection with certain Army maneuvers."

The passage of time not only produces 20-20 hindsight; it bathes the days of our elders in a romantic glow. It also opens up the archives that hold the truth about what occurred. Joachim Remak, a young historian of diplomacy who teaches at Lewis and Clark College in Oregon, has put the last fact to good use in a new book called "Sarajevo." His detailed account of the planning, execution, and aftermath of the assassination that touched off the first World War draws on all the sources now available; he has organized his complicated material skillfully and he tells it dramatically in a lucid if not always felicitous style. His book will fascinate any reader whose cup of literary tea is conspiracy or royal intrigue.

TINDERY TINSEL REGIME

In the spring of 1914 the ancient and polyglot empire of the Hapsburgs was living on borrowed time—as its 84-year-old monarch, Franz Joseph, sadly realized. Austria-Hungary, Mr. Remak quotes "a contemporary observer" as saying, was "a broken pot held together by a piece of wire. It might do duty as long as it was treated with due care, but woe if it were exposed to too many hard knocks or got some kick or other. Then it would be liable to fall to pieces."

Theodore Roosevelt, visiting Vienna 4 years earlier, was charmed by its society, but noted that Austria-Hungary's "world was as remote from mine as if it had been in France before the Revolution." It was a world in which the vast majority of the people lived close to the soil, as they had for centuries. For the privileged few it was a whirl of bright uniforms and Worth gowns, a waltz conducted to the strict ritual of Spanish court protocol.

Only in passing does Mr. Remak tell about the Hapsburg empire and the nationalities within its borders that yearned and plotted for independence. He concentrates on a single theme—the aspirations of Serbs living in Austria-Hungary and in the neighboring country of Serbia to unite in a nation of their own. In particular he tells of a tiny secret terrorist organization known as the Black Hand, the guiding spirit of which is a member of the Serbian General Staff who, for conspiratorial activities, has taken the name of Apis. He follows Apis and his aids as they recruit, instruct, and arm seven young men—six schoolboys and a school-teacher—for a mission in Sarajevo on Sunday, June 28, 1914. Their mission is to

assassinate the heir to the Hapsburg throne, a well-meaning man who has suffered much in order to marry a woman many rungs below him on the social ladder. Somehow, they expect, his death will advance the cause of Serbian freedom.

Mr. Remak gives an almost minute-by-minute log of the movements of the royal visitors as they go about their ceremonial duties and of the conspirators as they complete their preparations and take their stations on the fateful morning. Five of the youths miss their chances as Franz Ferdinand and his wife Sophie ride past them down Sarajevo's principal street in an open touring car. One hurls a bomb that bounces off the hood without causing serious damage. The seventh, 20-year-old Gavrilo Princip, fires two shots, one instantly killing Sophie, the other wounding the Archduke. "Sophie dear," Franz Ferdinand begs in a cry that later makes one of the conspirators feel remorse, "don't die. Stay alive for our children." He himself is dead within the hour.

CONSEQUENCES OF ONE CRIME

Mr. Remak traces the aftermath of the assassination: the strange funeral arranged for the royal couple by the Lord Chamberlain, the spiteful grandson of Napoleon's Marie Louise; the carefully correct trial given the conspirators in which they are convicted of treason but given life sentences because of their tender years. He describes the bristling ultimatum that the Austro-Hungarian government sent to Serbia demanding that it suppress the Serbian union movement. He tells how the complicated system of political alliance and power balance, which for more than a century had preserved peace, during the summer of 1914 began to drag all the world into war. Most of what he says about momentum for war deals with conflicting dynastic and nationalistic aspirations; he gives no hint of economic forces that may also have played a part.

What happened at Sarajevo on June 28 was the kick that the "contemporary observer" had expected would break the wire holding the broken Austro-Hungarian pot together. Within 4 years the Hapsburg empire was dissolved. From its remains was created a nation uniting the Serbs, the present-day Yugoslavia. But the consequences of that Sunday were even greater. "The number of soldiers and civilians known to have been killed [in the first World War]," Mr. Remak writes, "has been given at 10 million; the number wounded, including the totally disabled, at 20 million. History has recorded few other single acts of violence with consequences so bloody as the crime at Sarajevo."

Mr. CARLSON rose.

Mr. MORSE. Mr. President, I suggest the absence of a quorum, unless the Senator from Kansas wishes the floor.

Mr. CARLSON. Mr. President, will the Senator kindly withhold his suggestion of the absence of a quorum?

Mr. MORSE. Certainly.

INDIA AND THE THREAT OF COMMUNISM

Mr. CARLSON. Mr. President, in yesterday's issue of the Kansas City Star there appeared an editorial entitled "India and the Threat of Communism."

In December, 1957, the senior Senator from Oregon [Mr. MORSE], the junior Senator from Kentucky [Mr. MORTON], and the junior Senator from Kansas had the privilege of attending the meeting of the parliamentary body at New Delhi as

observers from the United States Senate. At that time we were concerned with and informed of the situation which developed in one of the provinces in India, namely, Kerala.

The first paragraph of the editorial reads as follows:

Keep an eye on Kerala.

This is the state in the far south of India which elected a Communist government 2 years ago. Now for the first time that government, the only freely chosen Communist administration in the world—appears to be facing serious internal unrest.

Another quotation from the editorial reads as follows:

The great bastion of Asian democracy is the Indian republic.

If that bulwark should fall, it is hard to see how any of Asia could be saved. If it stands, there is now general agreement, Chinese communism might well be stopped short at its present frontiers. What, then, are the prospects for India?

The Indian National Government is committed to what we call our Western democratic traditions. Its domestic policy may incline toward social experimentation. Its foreign policy may for the time being seem to reflect a modern variant of isolationism. But there can be no doubt that Prime Minister Nehru and his political colleagues are passionately attached to the ideals of personal liberty and national independence which we share.

I wish to read one further paragraph, because it mentions the situation which can develop when a country is taken over by communism:

Matters came to a head, however, when the state government brashly attempted to take over the faculties of private schools. These institutions, many of them supported by Christian church foundations, constitute the backbone of Kerala's relatively excellent educational system. The evident motive of the Communists was to convert them into centers of indoctrination. Popular resistance mounted swiftly. Strikes and violence ensued.

That this has been no tempest in a teapot is indicated by the scale of the government's retaliatory action. According to the latest available figures, the Kerala police have arrested some 25,000 persons. And more than 5,000 so far have received jail sentences.

I ask unanimous consent that the entire editorial be printed in the RECORD at this point as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Kansas City Star, July 5, 1959]

INDIA AND THE THREAT OF COMMUNISM

Keep an eye on Kerala.

This is the state in the far south of India which elected a Communist government 2 years ago. Now for the first time that government—the only freely chosen Communist administration in the world—appears to be facing serious internal unrest.

Indeed, the situation there recently became sufficiently ominous to require an emergency visit by India's Prime Minister, Jawaharlal Nehru. The New Delhi Government is empowered under certain circumstances to intervene in state affairs. Evidently anxious to avoid any drastic action at this time, Nehru contented himself with giving both sides in Kerala a lecture. But it would appear that what he accomplished was more in the nature of a stopgap compromise than a permanent reconciliation.

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of July 7, 1959
86th-1st, No. 113

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HIGHLIGHTS: House agreed to resolution to disapprove Reorganization Plan 1 on forest land authorities. House committee voted to report bills to: Extend special milk program. Require State contributions to feed and seed costs in disaster areas. Extend authority for refinancing farm loans. Senate debated mutual security bill. Senate received President's veto of housing bill. Sen. Dirksen introduced and discussed bill to extend and expand conservation reserve program.

HOUSE

- 1. FORESTRY; REORGANIZATION.** Agreed to, 266 to 124, H. Res. 295, to disapprove Reorganization Plan No. 1 of 1959, which would transfer from Interior to this Department certain authorities for the exchange or sale of forest land and timber. p. 11618. (This action means the plan has been rejected by the Congress.)
- 2. MILK.** The Agriculture Committee voted to report (but did not actually report) with amendment S. 1289, to increase and extend the special milk program. p. D575
- 3. DISASTER RELIEF.** The Agriculture Committee voted to report (but did not actually report) with amendment H. R. 6861, to require contributions by State governments to the cost of feed or seed furnished to farmers, ranchers, or stockmen in disaster areas. p. D575

4. PEANUTS. The Agriculture Committee voted to report (but did not actually report) with amendment H. R. 4938, to continue the exemption of green peanuts from acreage allotments and marketing quotas. p. D575
5. FARM LOANS. The Agriculture Committee voted to report (but did not actually report) with amendment H. R. 7319, to amend Sec. 17 of the Bankhead Jones Farm Tenant Act so as to continue the authority of FHA to make real estate loans for refinancing farm debts. p. D575
6. LANDS. The Agriculture Committee voted to report (but did not actually report) with amendment H. R. 4697, to provide for conveyance of certain interests to Clemson Agricultural College in the lands previously conveyed to the college. p. D575
7. WATERSHEDS. The "Daily Digest" states that the Agriculture Committee approved two watershed projects in Washington State. p. D575
8. PERSONNEL. A subcommittee of the Judiciary Committee voted to report to the full committee H. R. 7529, to authorize the waiver of collection of certain erroneous payments made by the Federal Government to certain civilian and military personnel. p. D576
9. LEGISLATIVE PROGRAM. The "Daily Digest" states that the House will consider on Wed. H. R. 7645, to provide for the construction, alteration, and acquisition of Federal buildings. p. D575

SENATE

10. MUTUAL SECURITY. Continued debate on S. 1451, the mutual security authorization bill for 1959 (pp. 11679-81, 11700-10, 11712-19, 11720-52, 11753). Agreed to an amendment by Sen. Humphrey to provide that foreign currencies appropriated under sec. 104 (k) of Public Law 480 for scientific research, translations, and dissemination of scientific information shall be "over and above the dollar appropriations" for this purpose. Sen. Humphrey explained this was a clarifying amendment as a result of a Budget Bureau interpretation "that the soft currencies were to be taken out of dollar funds appropriated for a particular item." (pp. 11748-9)
11. HOUSING. Received from the President his veto message on S. 57, the housing bill for 1959. Several Senators debated the President's action in vetoing the bill. pp. 11689-700, 11752
12. MONOPOLIES. Concurred in a House amendment to S. 726, to amend the Clayton Act so as to provide for the more expeditious enforcement of cease and desist orders. This bill will now be sent to the President. pp. 11686-7, 11710-12
13. INFLATION. Sen. Butler inserted an article, "Creeping Catastrophe," discussing the dangers of inflation, and stated that he completely endorsed the report of the Cabinet Committee on price stability for economic growth. pp. 11687-8
14. CIVIL DEFENSE. Sen. Young, O., criticized the civil defense activities of the Office of Civil and Defense Mobilization, and urged that these functions be "distributed to the agencies where they properly belong." pp. 11683-5
Sen. Javits inserted and discussed a report by the Governor of N. Y. "on the civil defense posture of the United States," and stated that an effective civil defense program is indispensable to our security. pp. 11688-9

the costs to be paid by Federal employees. To me, this position by the administration is unsound, for private industry, which has set the pattern for health coverage, by and large, has an equal sharing of the costs, 50-50. The Federal Government, our Nation's largest single employer, has lagged far behind private industry in providing for the health needs of its employees.

Mr. President, if the health coverage contemplated by the bill is to take effect July 1, 1960, it is essential that the bill be enacted into law this year. After the bill is enacted into law, a great deal of work must be done by the Civil Service Commission, the administering agency, in negotiating contracts with carriers, establishing standards, and giving each Federal employee an opportunity to exercise his choice among available plans. To delay consideration of the bill beyond the end of this session of Congress would mean that there would be no health coverage starting on July 1, 1960, for Federal employees. It is my earnest hope that Senate bill 2162 will promptly be considered by the Senate and the House of Representatives.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks an excellent article, by Jerry Kluttz, on the health benefits bill, which appeared in the Washington Post and Times Herald for July 2, 1959.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post and Times Herald, July 2, 1959]

MEDICAL INSURANCE CLEARS COMMITTEE, IS SENT TO SENATE
(By Jerry Kluttz)

The Senate Post Office and Civil Service Committee approved unanimously and sent to the Senate yesterday the Johnston-Neuberger bill to insure Federal employees and their dependents against hospital, surgical, and medical costs. The measure would be effective July 1, 1960.

Chairman OLIN D. JOHNSTON said he plans to call up the bill for a Senate vote within a couple of weeks. He predicted its speedy approval.

The measure won't be officially reported to the Senate for another week. Senator FRANK CARLSON, Republican, of Kansas, will present views of the Eisenhower administration which opposes some of the bill's features.

JOHNSTON said CARLSON didn't personally oppose the bill's provision for a 50-50 sharing of costs by the Government and its employees. But the administration wants to hold the Government's contribution to a third.

Two relatively minor amendments were made by the committee. On the 11-man committee set up to advise the Civil Service Commission on the health program, the chairmen of the Senate and House Post Office and Civil Service Committees were taken off and the employees given three representatives instead of one.

The President would appoint the members after considering nominees from employee groups.

The second amendment would permit those employees who are forced to retire because of age between the time the bill passes and the date it becomes effective to get coverage under the program.

Both JOHNSTON and Senator RICHARD NEUBERGER, Democrat, of Oregon, coauthors of the bill, said they were studying ways and

means of setting up separate health and life insurance programs for the Government's 400,000 retirees.

NEUBERGER estimated 90 percent of the Government's 2.3 million active employees would volunteer to participate in the broad health program. The bill, he said, was a major step toward an adequate system of health insurance for Federal employees as well as for many uncovered workers in private industry.

The Oregonian accused Uncle Sam of lagging far behind industry in providing employees with a low-cost health program. He said a 50-50 sharing of costs was fair and that the administration's plan to limit the Government's contribution to a third would continue to the disadvantage of Federal employees.

The administration also is opposed to the estimated \$300 million annual cost of the bill, which it says would gradually increase. It proposes the cost be held to about \$250 million.

Both JOHNSTON and NEUBERGER are proud that the bill has the backing of employee groups, Blue Cross-Blue Shield, American Medical Association, American Hospital Association, group practice plans such as Group Health here, and the commercial insurance companies, the first time they've been in general agreement.

Timing is important if the bill is to be enacted into law this year. If Congress adjourns within 6 weeks, the bill probably will go over until next year. The House Post Office and Civil Service Committee won't meet for another 2 weeks, which could easily mean it won't even start hearings on the legislation for another month.

The ACTING PRESIDENT pro tempore. Is there further morning business?

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

MUTUAL SECURITY ACT OF 1959

Mr. JOHNSON of Texas. I ask unanimous consent that the order for the quorum call be rescinded, because my delightful friend, the senior Senator from Wisconsin [Mr. WILEY] is prepared to address the Senate.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. WILEY. Mr. President, I feel honored to have the majority leader make a request with which he couples my name. He is a genial soul ordinarily, but they tell me he is a little bit concerned about the Butler attack. But be that as it may, I wish to speak a few words on the subject of the mutual security program.

Mr. JOHNSON of Texas. The Senator is always deserving of any honor that may be paid him.

Mr. WILEY. I return the compliment. When it comes to the question of honors, I am sure I have very few compared with those the distinguished Senator from Texas receives.

Aside from all this facetiousness, however, I wish to get a little serious about the matter before the Senate.

The ACTING PRESIDENT pro tempore. The Chair will state to the Senator from Wisconsin that the Senate is still in the morning hour.

Mr. WILEY. I understood the Senator from Texas had asked that we go to the regular order.

Mr. JOHNSON of Texas. Mr. President, the Senator from Louisiana was in the Chamber and was prepared to address the Senate on his amendment under the unanimous-consent agreement, but I understood the Senator from Wisconsin desired to make a brief statement before we got into the time limitation. For that reason I suggest that he proceed. If he needs a little additional time, I ask that he may have it, so he will not come under the time limitation of 15 minutes to each side under the unanimous-consent agreement.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WILEY. I am very grateful for the Senator's consideration.

Mr. President, for many years now, I have proposed, amended, and argued the merits of mutual security bills. They have been called by many terms, not always complimentary, and not always characterizing their true worth.

For instance, the term "giveaway" has received widespread usage in this connection, and I regularly get letters from folks saying, "It is about time that we stopped this giveaway program."

And then I get letters in which people say, "You'd better cut this, and cut that."

The mutual security program is a complex and technical undertaking, but I hope that somebody, someday will have the talent to describe in simple words what it really has meant to the man in Salonika, in Rotterdam, in Tripoli, in Beirut, in Addis Ababa, and in Katmandu, and to our own American in Kansas City, Walla Walla, Dallas, New York, Akron, Ohio and Milwaukee, Wis.

Lacking this artistic power to draw a picture, I shall have to do my best in exposition form. But before I do this, I should like for all of us to ask ourselves a few questions and earnestly endeavor to answer them.

What is the world situation now, what are the dangers and what are the safeguards?

What is the Government attempting to accomplish under mutual security, and what has it accomplished?

Is there any need for continuing the economic part of this program?

Is there any need for continuing the military part of the program?

If we were to discontinue it, what effect would it have on our own security, and our own economy?

What effect would it have on the overall balance of powers in the world conflict?

Some folks say, and with sincere concern, that now that we have rehabilitated, so to speak, the economies of our friends in the West, of Europe, and they are competing, in many instances very detrimentally, for the American market, is there any need to give them further assistance? If putting other nations on their feet means American loss, how can we afford to do it? Of course, we are through now with our economic assistance program for most of our European

allies. But when we examine trade figures and chart the long-term trends, we discover—and the economists most vehemently assure us of the validity of this finding—that aid, if properly dispersed, is a most effective stimulant for increasing future trade.

Furthermore, economic assistance is still a humanitarian necessity in most underdeveloped areas of the world, where one and a half billion people, or one half of the world's population, lives in a state of undernourishment. Economic assistance is necessary to feed the hungry; it is necessary to help these people understand that democracy and free enterprise are not merely lofty concepts untranslatable to reality; it is necessary to help prove that democracy can and does also mean more food, better shelter and economic betterment generally. Economic assistance, to be candid—and I have never failed to admit the merits of enlightened self-interest—is also important, because by raising the standard of living of the underdeveloped nations we also open up new markets for our own agricultural and industrial products. Africa in its economic infancy purchases only a little over half a billion dollars of our exports, but what an unexhausted market a more advanced Africa may provide. And the yet unexplored markets in Asia, the Middle East and even next door, in Latin America, are bearing much promise.

Economic programs abroad are essential also in order to meet the challenge of the increasing Soviet economic offensive and infiltration and are becoming a dangerous new third front which may well compete with the political and military fronts for attention. The Soviets since 1954 have extended \$2½ billions in military and economic credits, and all in key areas. Of this, \$1 billion was spent last year alone. The Soviet economic expansion constitutes an increasing threat for which we are not yet fully mobilized. And it is in order to better meet this challenge that I recently proposed the establishment of a National Economic Council for Security and Progress, a proposal on which 10 other Senators have joined me.

In planning economic assistance and in preparing for economic contests we cannot neglect the military threat which is more deadly to the human race than ever before. And we must remember that our contribution in the military line is but a small fraction of what our allies and friends are spending for their, and therefore our common, defense.

Let us put it this way: The military assistance that we are giving results in creating a deterrent to Soviet expansion. And let us remember that 80 cents of every dollar that we spend that way is spent in America, and creates jobs for our own people.

So, in making our contribution to NATO and the other countries on the defense line, we are really spending in our own self-interest. And, of course, there is another element that we must not forget when we continue to give military assistance to Turkey and Greece, Formosa and Korea, and this is the fact

that assistance to these countries means buying security at bargain prices. Why?

This is because it costs about \$300 a year to maintain a Turkish soldier, a Formosan or a Korean soldier. And they are holding the line well. If we would have to have our own boys on that line, it would cost us in the neighborhood of \$3,000 or \$4,000 per soldier.

The ACTING PRESIDENT pro tempore. The time of the Senator from Wisconsin has expired.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Wisconsin [Mr. WILEY] may have an additional 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WILEY. Mr. President, some folks feel that they can look around the corner of tomorrow. I am not one of them, and I am not willing to give up the defense lines of today for the mere conjecture of tomorrow. Let us hope that those who think that some of this mutual assistance will not be necessary a year from now are right. Let us hope that the proposal of the Senator from Montana [Mr. MANSFIELD], which is incorporated in the Senate bill, for progressively reducing and ultimately eliminating grant aid in the categories of defense support and special assistance, will prove not simply wishful thinking. I say that, in the meantime, we had better keep our powder dry and not go off halfcocked with a lot of dreamy-eyed solutions.

I am certainly in full support of the new Development Loan Fund; but let me hasten to warn that there are no cure-alls in this world, and that no one program can provide the answer for all the world's economic and political ills. While being fully committed to the Development Loan Fund, still I say let us find out how it works and what its actual needs are before we commit major resources to it. I believe that this is a part of what the President had in mind when he originally asked for a 1-year \$750-million appropriation for the Development Loan Fund instead of a larger and a long-term extension.

Many devoted and thoughtful citizens have objected to the program and some of its specific aspects on a variety of grounds. It has been suggested that some of the governments we deal with do not fully subscribe to our democratic concepts, that occasionally our funds are used to bolster crumbling regimes, and that not always is the most efficient use being made of our supplies.

In a program which encompasses almost the whole world some weaknesses may at times exist. This is just a part of the world's complex reality. But it is high time we realize that all the world cannot be changed in our own image overnight, and possibly it would be unwise to do so.

There are major tasks before us, and there are minor ones, and we must decide which ones we must pursue first. In determining what neighbors we will assist and cooperate with, we cannot always hope that they will see eye to eye with us on all important issues. We must instead assess the dangers con-

fronting these neighbors if our assistance was not forthcoming—in terms of anarchy, political vacuums, and Communist infiltration. Quite often, therefore, in order to prevent the greater dangers and in order to assist a country's development toward better government and better laws, we decide to step in right now, rather than wait with our assistance until the foreign country has more fully adopted our set of values.

My distinguished colleague from Arkansas [Mr. FULBRIGHT], who is chairman of the Foreign Relations Committee, presented here a praiseworthy account of the mutual security program a few days ago. One night last week my colleague, the learned Senator from Oregon [Mr. MORSE], kept this assembly in session until the late hours of the night presenting his views. I shall make my account much shorter.

Along with my colleagues on the Committee on Foreign Relations I have heard and read a great many words about the mutual security program during the past several weeks. Having been here over 20 years this was not an entirely new experience for me, and I will confess that my thoughts were not always riveted on the mass of facts and figures presented before us. For quite often an interesting point would catch my attention because of a crisp illustration and I would proceed to explore it in my own mind.

One such illustration offers an example worth consideration. I quote a gentleman who appeared before the committee as follows:

In much of South Asia, the digging spade is virtually unknown. Digging is done with a broadblade hoe. Though this is done with dexterity, it remains an awkward process in many circumstances. Surely, it would seem the simple substitution of the spade would greatly increase productivity, but it turns out that the ordinary digging spade cannot be used with bare feet, and if the spade is constructed with a broad blade across the top, upon which the bare foot can press, then dirt sticks to it and the spade will not release its load.

Thus, even the simple spade cannot be easily adopted by a barefoot society.

I submit that this brief and basic little anecdote can start a more useful train of thought about the business before us than can a stark recital of facts and figures. It makes me think, above all, about (a) the enormous complexity of the tasks contained in the mutual security program, and (b) the skills of the many devoted American citizens who carry them out.

On the first of these two points, this little anecdote brings home to us the range of problems we confront around the globe in carrying out this program. And the list of tasks undertaken as a consequence of the Mutual Security Act is one of absolutely staggering diversity.

We build military bases and maintain them in many quarters of the globe; so that there are now more than 250 military installations overseas.

In one region we give our allies the most advanced weapons for their defense—and for ours—while in another we help equally firm and invaluable allies

provide shoes and stockings for their soldiers.

A number of our friends particularly threatened by the Soviet and Communist Chinese forces on or near their borders must have armies. We either provide them ourselves, enable our friends to maintain them through defense support expenditures, or else deliver such allies into the brutal clutches of Communist imperialism.

With special assistance funds, our Chief Executive has directed such vitally necessary accomplishments as preventing the dissolution of an entire country—the fiercely independent kingdom of Jordan—and contributing to the worldwide malaria eradication program.

In almost 60 countries and territories of the world, we are carrying out bilateral technical cooperation programs under which we provide American technicians, specialized services through our universities and business firms, and training for local peoples in order to improve their living standards and self-sufficiency.

Through the provision of funds for the United Nations, we participated in a great number of global programs, which, among other things, give help to refugees, hope and protection to those escaping from Communist tyranny, and food and clothing to destitute children.

The expanding Development Loan Fund is showing itself an increasingly sound and businesslike instrument for promoting economic development and even orderly political growth in the underdeveloped countries, on a basis which produces a strengthening of self-respect in those areas and promises eventual manifold returns to us.

Finally, the Mutual Security Act even covers the necessary sums for the atoms for peace program.

I do not pretend to have given more than the most sketchy listing of the great and diverse undertakings authorized by the bill before us. Yet it suffices to remind us of the complexity of the overall program and the difficult task of assessing it. One of my distinguished colleagues, in noting the difficulty of measuring the total effect of the program, has said, "It is like counting eggs and weighing sugar, adding them together, and stating the results in quarts." I would not go so far, but I would say that the Foreign Relations Committee examined this bill most carefully, and although I would be less than candid if I claimed to be equally satisfied with all the substantial changes made in the administration's bill, I, nevertheless believe strongly that S. 1451 now before the Senate represents a great expenditure of time, thought, and effort, and that it is a bill which deserves the full support of this body.

I want also to refer briefly to the second point relating to this program, and this concerns the caliber of the Americans employed in implementing the mutual security undertaking.

We have been hearing what almost amounts to a litany about waste and inefficiency in the administration of the foreign aid program. The cumulative documentation of this charge is still

fairly slender, but it must be taken very seriously by public servants like ourselves. The committee this year has taken more than usual care to tighten administrative provisions in order to combat waste insofar as it can be done by such means.

However, I think we must honestly recognize that a great deal of trial and error is unavoidably involved in the program; we are clearly learning and are no longer making the mistakes of several years ago. But the basic reason why some mistakes and inefficiency are to be expected in the administration of foreign aid is not the single one of "to err is human." More important is the fact that we are handling not only economic and military problems. Rather, as the difficulty of substituting the spade for the hoe in south Asia illustrates, we must deal with a whole range of problems and attitudes which involve entire societies in many areas of the world.

These difficulties are growing even larger as we shift our attention increasingly toward the underdeveloped countries. We are unable merely to dump physical resources on the dock and give a little instruction as to how to move them into the economy. Instead, we are having to help to build institutions and train people to preserve and use them. This often must be done in the face of countering forces based upon nationalism, religious, and traditional prejudice, and other emotional responses. Even in the best of circumstances, in some countries which we are helping there will be political setbacks over which we cannot have any control. Time and patience are absolutely essential ingredients in our assistance programs; yet these are commodities which often seem in somewhat short supply.

Recognizing the difficulty of the task, I think it is a matter for self-congratulation that there is as little ineptitude and waste as we have. More significantly, I think we have good reason to be proud of the great bulk of our citizens who are involved in carrying out a program of vital importance to the whole free world.

Let me say this in conclusion: Let us seek out and be proud of our accomplishments in attempting to maintain the security and improve the conditions of life in the free world. Let us remember the high degree of skill and devotion of most of our representatives, who are battling great odds abroad. At the same time, let us welcome and act promptly upon constructive criticism, some of which has been incorporated in the Committee on Foreign Relations' amendments to S. 1451. But most important of all, let us cause no undue delay in the enactment of the Mutual Security Act of 1959, which provides the administration with one of the most important tools for the implementation of our foreign policy—for a more secure world for Americans and other people in which to live.

In planning for the future, we must realize that this is not a static world. And in this constantly changing world, we must establish new programs, eliminate old ones, broaden some, and narrow

down others, according to our best up-to-date judgment, and not according to our past prejudices. We must realize that a program which appeared satisfactory yesterday may be ineffective today, and that to accept any solution as a final answer to plain political blindness. The Kremlin is on the move. There is ferment in the underdeveloped countries. Let us remember the Romans, who in their luxury failed to hear the barbarians pounding at their gates. Let us learn the unavoidable lesson from the fall of the proud Carthaginians, the mighty Persians, and the heroic Greeks, whose preoccupation with themselves blinded their eyes to the deprivation around them. This is a smaller world now, and our political seismograph constantly registers quakes and rumblings even at the globe's end. We are prosperous, but in the dark the enemy is scheming. We must try to anticipate his moves and check them. More important still: We must carefully build our own positive program and carry it out. It is not enough merely to counteract the Soviet moves. We must produce our own master-plan; we must shape the form of the world we want tomorrow. In carrying out our plans, and in building for a more secure future, no effort is unreasonable, and no sacrifice, no price is unworthy.

ADDRESS BY HONORABLE SENATOR JOHNSTON, OF SOUTH CAROLINA, AT LEXINGTON COUNTY, S.C., PEACH FESTIVAL

Mr. TALMADGE. Mr. President, on July 4 the distinguished senior Senator from South Carolina [Mr. JOHNSTON] delivered a stirring and straightforward Independence Day address at the Lexington County Peach Festival held at Gilbert, S.C. In his remarks the Senator clearly and forcefully pointed out the inherent contradictions and underlying political motivations characterizing the policies of our present national administration, which has dedicated itself to punitive force legislation and indiscriminate foreign giveaways on the one hand while denying the American farmer his rightful share of the national income and abrogating the rights of the States and their citizens on the other hand. He concluded with an eloquent plea for a return to the principles of the Declaration of Independence and the guarantees of the Constitution of the United States. It was a masterful presentation. I ask unanimous consent, Mr. President, that the text of the address be printed in the body of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY SENATOR OLIN D. JOHNSTON, DEMOCRAT, OF SOUTH CAROLINA, AT THE LEXINGTON COUNTY PEACH FESTIVAL, JULY 4, 1959, AT GILBERT, S.C.

My dear friends and fellow South Carolinians, I first want to thank you all for inviting me to be with you this Fourth of July, the 183d anniversary of the birth of our Nation.

It is especially appropriate that I am here in Gilbert, for the people of this area have

been celebrating the Fourth of July in a communal spirit for as long as I can remember. I have spent many Fourth of Julys in Gilbert, and I always cherish and remember the warm, hospitable welcome I have always received. The people of Gilbert and Lexington County have always been kind to me in my campaigns. I hope that I have kept this trust with the people of Gilbert and Lexington Counties, and South Carolina.

It has been with sincere interest that I have watched the peach industry in Lexington County grow through the years. It is most appropriate that you have combined the traditional Gilbert Fourth of July barbecue with a county peace festival in the interest of promoting this growing important segment of the agricultural economy of this area, and I wish to take this opportunity to congratulate everyone who has helped to promote and arrange for this wonderful occasion.

I feel right lucky to be with you, for at the rate the U.S. Senate has been meeting lately, I didn't know whether the leadership would stop long enough to let us celebrate July 4 or not. We have been meeting day and night and even on Saturdays in order to attend to the business of the country.

Of course, there is some so-called business they are trying to attend to in Washington which I think is none of their business; and so I have been spending almost as much time trying to keep them from meddling in South Carolina's business as I have in attending to our Nation's business.

I want to tell you a little story that happened the other day in the Senate. You know the Senate, as I mentioned, has been holding all-day sessions. All the while the Senate is meeting we have committees which try to meet. Now one of these committees that has been trying to meet while the Senate was in session is the Constitutional Rights Subcommittee of which I am a member and which deals with so-called civil-rights legislation.

One of the rules of the Senate is that, in order for a committee or subcommittee to meet while the Senate is in session, the chairman of that committee or subcommittee must get unanimous consent of the Senate in order to hold a meeting.

Naturally, I have been objecting to the Constitutional Rights Subcommittee meeting to consider civil-rights legislation. I don't think we need any such legislation, and I certainly think the business of the Nation being handled on the Senate floor is more important than any civil-rights tampering that may be under study in that committee. Also, I cannot be in two places at once.

So I have been objecting to this subcommittee meeting while the Senate is in session. The other day Senator THURSTON MORTON of Kentucky, who is also chairman of the Republican Party, in a spirit of reprisal against me, filed objection to my Post Office and Civil Service Committee holding any meetings. I told them it was a fair trade in my book; they wouldn't get any Republican postmasters, and we would not get any civil-rights legislation.

I would like to praise here Senator JAMES O. EASTLAND, chairman of the Judiciary; and also Senator SAM J. ERVIN, Jr., of North Carolina, and Senator JOHN MCLELLAN, of Arkansas, both of whom are in close harmony with me on the Constitutional Rights Subcommittee, in attempting to kill civil rights legislation. Senator ERVIN of North Carolina has done a commendable job in helping the South to cut through the smoke screen and view the civil rights bill in the true nature in which they have been designed.

I don't know how long we can hold up on this civil rights legislation, but I sin-

cerely hope we will not get any this year. You can rest assured that OLIN D. JOHNSTON and the other Southern Members of the Senate will do everything in their power to block and kill all civil rights legislation. I am happy to report that for 6 months now we have successfully blocked civil rights bills in the Constitutional Rights Subcommittee.

There is absolutely no need for any such legislation. The bills before the Senate were conceived in a spirit of political antagonism. They are designed primarily to do two things: Attempt to capture a few balance of power minority bloc votes in the large populated cities, and also to create a spirit of division between the South and the North within the Democratic Party.

Don't think for 1 minute Republicans don't chuckle every time they push one of those bills and help to divide the Democratic Party. The Republicans are unanimously supporting civil rights legislation.

Under the leadership of President Eisenhower the Republican Party has fouled up nearly every aspect of Federal Government operations, from our foreign affairs on down to the most minute domestic matter. The Republicans know the only way they would ever be able to carry a presidential candidate into the White House in 1960 is through the division of the Democratic Party.

While we cannot always follow everything the Democrats themselves propose, I can safely say that the Nation never gets into such bad shape on so many fronts as it always seems to get into under a Republican administration.

Regardless of all the talk that came from all Democratic Presidents and leaderships in Congress, never had bayonets been used in the South under a Democratic administration. Never in our history since the Reconstruction period had such a tragedy occurred until a Republican President took office. The American people resent it, and I predict they will not put another one like Eisenhower in the White House.

I want to give a word of warning to my good friends in South Carolina against any move to split the Democratic Party in 1960. There is groundwork being laid by Republicans throughout the South to sow seeds of division and discontent within the Democratic Party in order to promote a splinter party in 1960. Their purpose is not to help us in our fight for certain principles, including States rights economy in government and America first. Their intent is to divide the Democratic Party to allow the Republican Party to slide into the White House a successor to Eisenhower. It makes no difference who this successor may be, for if he is a Republican we will see no change in any policy; the same crowd will be running the show.

If you don't want any more of Eisenhower, Benson, and that kind, then we must remain within the Democratic Party and put a Democrat in the White House in 1960. To do otherwise is to invite further disaster. I do not subscribe to everything that the various Democratic candidates for President propose, but I know that I can deal with these problems much better as a ranking Democratic Member of the Senate with a Democratic President than I can with a Republican President. I believe the record of the last 6 years demonstrates clearly what I mean.

President Eisenhower recently vetoed two principal pieces of farm legislation. One was the wheat bill, and the other was the tobacco bill. President Eisenhower has been talking about balancing the budget. He never vetoes a foreign aid bill, but he always vetoes an agriculture bill, especially if it is a constructive agriculture bill. Neither House of the Congress actually wanted these two bills as they were written because they wanted to write better bills; but time after time the administration sent Benson's bu-

reaucratic messengers over to the Senate and the House to tell us what the President would accept and what he would not accept, ever-threatening us with his veto. They are beginning to call him "Veto Ike," you know.

We passed this tobacco bill and the wheat bill in a spirit of compromise with Benson. When I say compromise I mean Congress bent backward to please Benson and Eisenhower so the farmers would have some sort of legislation in these two fields.

Why did the President veto these two bills, one extremely important to the farmers of South Carolina, and the other important to the wheat farmers of the Midwest? There is only one possible real reason. Eisenhower vetoed these bills because Benson told him to do so, and because he doesn't know right from wrong; he just echoes Mr. Benson's politically inspired directions like Charlie McCarthy echoes Edgar Bergen.

What will happen because of the President's vetoes? First, in the case of tobacco, his veto is not only going to work a hardship on the farmers, but it will cost the Federal Government \$14 million. Even the President admitted this.

Now the President says he wants to balance the budget. If he sincerely does want to balance the budget, then why did he veto a bill that would save this country \$14 million? How long will it take you and me and the other working people of this Nation to pay \$14 million? That is the first visible cost of Eisenhower's veto message on tobacco.

Only time will tell the ultimate cost to our farmers and to our Nation of Eisenhower's veto of the wheat bill. In this negative action the President set the stage for one of the largest surpluses in our Nation's agricultural history. Only the potato fiasco of the 1930's will possibly remain a more tragic one. We are going to have wheat growing out of our eyes and ears as a result of the President's veto. This will cost our Government more millions, for that surplus is going to be on our hands and it will have a tremendous effect on our economy.

No one has been hollering more about surpluses and the big cost of our agriculture programs than has Benson for the last 6 years, unless it has been Eisenhower. Yet throughout the 6 years of Republican administration, every time the Congress passes any legislation that would cut costs, cut surpluses, or help the farmer generally, Eisenhower has vetoed it. And he always vetoes it at Benson's insistence. In fact, I could not count on my fingers the number of times Congress has acted upon an agriculture bill, and before the bill even reaches the President's desk Benson is predicting his veto. I only wish Eisenhower would veto some of the foreign-aid giveaway bills that help foreign countries as readily as he vetoes agriculture bills helping American farmers.

The present administration is determined to wreck every single good farm program on the books and drive our small farmers out of the country and into the city streets before it leaves office. I sincerely believe that, rather than admit he was wrong, Mr. Benson would have farmers walking the streets on a relief payroll. He would just as soon have them on welfare as working in the fields earning a good living, just so he could have his way and make a speech criticizing and condemning the farm programs of this country. Again and again he has given the farmers lip service, while all the time behind their backs he was sharpening his knife to cut them down.

I almost feel like going into mourning every time I think of and remember that infamous speech candidate Eisenhower made on our statehouse steps in Columbia back in 1952.

He promised to cut the budget, reduce the national debt, abolish inflation, return the dollar to its full value, straighten out for our foreign entanglements, guarantee farm-

Mr. MORSE. Unfortunately, the President does not have time to read the evidence which is presented to the Congress, and so he finds it easy to sign a veto message, which obviously he did not write, because he could not have written it and paid any attention to the evidence adduced before the committee.

My next question is, Does the Senator know of any bankers' money available at interest rates which people in the very low income brackets can pay in order to provide themselves with an owner's roof over their heads?

Mr. CLARK. The amount of credit available for that category of American family is, in my judgment, virtually zero. The fact of the matter is that private capital is available both for conventional loans where the downpayment is very substantial indeed, and for loans to be insured by FHA or VA and backed up by FNMA, for middle-income, and upper income family groups. But for those family groups in most of our major metropolitan centers whose family income—and I am trying to be very conservative—is \$6,000 a year or less, the availability of private mortgage financing is, in my judgment, so inadequate as to render it virtually impossible for such families to acquire and own a new, safe, and sanitary home. And in these areas more than half our families are under the \$6,000 family income level.

Mr. MORSE. May I point out to the Senator from Pennsylvania that the language of the President, when he deals with his third point, is in terms of private investment, which is, of course, his plea for support of high interest rates to the benefit of the bankers who have already, as a result of their selfish program, increased the public debt of the country by \$1½ billion a year, because the President has gone along, starting in February 1953, with the increase in the whole interest cost of money to the American taxpayers.

Does not the Senator from Pennsylvania feel that it needs to be pointed out in this debate that all the housing in our program would be built by private enterprise builders, and that the builders would be given the opportunity under the program to build the needed housing for slum clearance, and the needed housing for low-income people, and that it would be the private enterprise building system that would be greatly aided by this program, and that out of the program will come, of course, new wealth by way of new capital investment in our economy, from which ultimately will flow new tax dollars into the Treasury of the United States to help carry the cost of such a program?

Mr. CLARK. The Senator is quite correct. I see the able Senator from New Jersey [Mr. WILLIAMS] on the floor; he was a member of the committee, so he can check me if I am not absolutely accurate. The testimony before our committee pretty well established that for every dollar of Federal money going into urban renewal, as much as \$10 of private spending was generated. That \$10 of private spending yielded

more than \$2 in Federal taxes, so that in effect the program over a relatively brief period of years more than pays for itself in direct return to the Federal Treasury.

Other programs, which are based on Federal loans repaid with interest, likewise generate tax money and hence pay far more than their cost—since, of course, there is no ultimate cost at all to the taxpayer.

Mr. MORSE. The saddest thing about the veto message is the apparent failure on the part of the President of the United States to recognize a truism that needs to be recognized before it is too late, and that is the greatest check we have against the spread of any subversive philosophy is private ownership of homes. In a society where most of the people own the roofs over their heads we do not have to worry about the perpetuation of our constitutional form of government.

Mr. CLARK. I should like to express my agreement with the statement of the Senator from Oregon, and perhaps in a self-serving declaration point out that my city of Philadelphia is known and has been known for years as the City of Homes, and that it is one of the cities which, at least since World War II, has made very substantial progress in fitting itself for the challenge of our times, not only in the field of housing, but in many other activities. I thank my friend for his helpful interjection.

Mr. WILLIAMS of New Jersey. Will the Senator yield?

Mr. CLARK. I yield to the Senator from New Jersey.

Mr. WILLIAMS of New Jersey. I first wish to commend the Senator from Pennsylvania for his statement today and also for his untiring work for housing dating back to the years of his term as mayor of Philadelphia and continuing, of course, as a Member of the U.S. Senate. The Senator mentioned the need for the Congress to go an extra mile to accommodate the views of the President and the administration. It seems to me the Congress already has gone 1 extra mile.

Mr. CLARK. If the Senator will indulge me, I think he realizes that only a few weeks ago on the floor of the Senate I suggested we had already gone about 5 miles. That perhaps was 4 miles too far.

Mr. WILLIAMS of New Jersey. At least we agree we have gone a long way in the direction of accommodating the views of the administration. I know it was my position in the conference that the compromise measure advanced there was inadequate in many ways in its provisions for urban renewal.

I doubted whether the compromise would meet the needs of the 46 communities in the State of New Jersey who are working on urban renewal plans. It was inadequate in my judgment in its reduced provisions for loans for classrooms at colleges and for college dormitories. It was inadequate, too, in its provisions for low-cost public housing in not clearly spelling out that we were authorizing and making available all the units over the years to come which Sen-

ator Taft with the help of Senator Wagner and the Senator from Louisiana [Mr. ELLENDER]—

Mr. CLARK. Also the Senator from Illinois [Mr. DOUGLAS].

Mr. WILLIAMS of New Jersey. And the Senator from Illinois.

Mr. CLARK. And other Senators.

Mr. WILLIAMS of New Jersey. In the Senate of 1949 spelled out for this country. It is a sad day indeed to have this veto. It is regrettable the President did not accept the wise, experienced, reasonable counsel of the senior Senator from Indiana [Mr. CAPEHART] who has been so closely associated with housing for so many years and sad, too, for the millions of people who looked forward to decent houses so that they could come to know the meaning of the word "home." I wish to thank the Senator from Pennsylvania.

Mr. CLARK. I thank my friend, the Senator from New Jersey, for his helpful suggestion.

Mr. President, I yield the floor.

Mr. BUSH. Mr. President, I rise in support of the veto by the President of this housing bill. I believe it is a highly responsible veto, and I believe the American people will support it because it is a highly responsible veto. I think the veto should be upheld in the Senate, and I predict that if it comes to a vote, it will be upheld in the Senate.

Mr. President, I say it is a responsible veto, because the President indicated clearly earlier this year what the administration's ideas were concerning housing legislation. Indeed, in the early part of the year, the administration set down a responsible and adequate housing program, including renewed authority for FHA mortgage insurance, an expansion of the college housing program, and a substantial continuation and expansion of the slum clearance and urban renewal program.

It was a good program which the administration sent to Congress. It was formed after the administration had been working on housing legislation for a great many years. It was formed in relation to other needs in the United States—and there are many other needs in this country. The program recommended was formed in an entirely sympathetic atmosphere. The administration realized the importance of the FHA insurance program to the building industry and to the homes and the families of the Nation. The program was moderate, intelligent, and carefully worked, well suited to the housing needs of the Nation and to the other needs of the people and of the Government of the United States.

I applaud the President for having vetoed the bill. It was clear to the Senate that the bill in the form in which it was forced through Congress—and even the conference report, too—was drawn almost to invite a veto, because it was so far out of line and so far out of step with what the ideas of the administration were. I think it was far out of line with respect to the appropriate needs of the situation and in relation to the other needs which the Government has to meet.

There is another reason why I am glad the President vetoed the bill. As I have often said in the Senate, I have an aversion to this type of omnibus legislation. Wrapped up in the housing bill are various kinds of legislation, each of which is unrelated to the other. I do not think it is fair to Congress or fair to Senators to have to consider, in a bill containing programs of the vast importance and magnitude of the slum clearance and urban renewal program, such other items as college housing and the FHA authorizations for mortgage insurance. Each of those items is a separate subject, and a very important one. They should not be wrapped up into a single package.

I venture to say that if it had been possible for the President to have considered separately many items in the omnibus bill, they would not have been vetoed.

I hope, however, because of the shortage of time, that the Committee on Banking and Currency will immediately report a housing bill which will, at a minimum, provide for the slum clearance and urban renewal programs recommended by the administration earlier this year; which will provide for college housing extension and expansion, as recommended earlier this year; and will lift the lid, so to speak, on the FHA mortgage insurance program, a limitation which, as the administration has pointed out repeatedly, is not necessary. It is very hard to see why the committee should insist on having the limitation which was placed in the bill. There has been a suspicion that it was included for political purposes. But if one genuinely believes in the insurance program, why should there be a limitation? The President has now asked for the removal of that limitation.

My views about the bill have been placed in the RECORD several times and in various ways, so I shall not detain the Senate with a further argument about the bill. I have read carefully the President's objections to it. They are the objections which were made on the floor of the Senate, by and large, when the bill was before us and when the conference report was before us. I simply say that I believe the President has acted wisely, he has acted responsibly, he has acted, I believe, in a manner which is true to form. He has taken a firm position against measures which he calls inflationary, because he realizes that the credit of the United States must be preserved. It must be preserved at all costs. It is the most important single matter relating to the defense of the United States; and because of that, it has great importance to the defense of the whole free world.

It is necessary, therefore, that Congress recapture control of the Nation's fiscal affairs and act responsibly with respect to them by relating these important measures one to the other.

There are now before committees of Congress, as there have been in the past, item veto bills. Yet Senators across the aisle will not report an item veto bill, despite the fact that some of them are sponsors of that kind of bill.

In the past, we had a single appropriation bill. Such a bill would be of great help to Congress in relating these issues one to the other. I again appeal to the majority to report a single appropriation bill, such as is sponsored by many Senators on the other side of the aisle.

Mr. President, I think this is a good day for the country. I again compliment the President upon his simple, forthright, and direct message in connection with the veto.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 211. An act for the relief of Aurelia Marija Medvesek-Pozar;

S. 449. An act for the relief of Clarita Martinez;

S. 451. An act for the relief of Mohammed Ali Hallin;

S. 459. An act for the relief of Penelope Carnavas Rafos;

S. 707. An act for the relief of Demetrios Pappathakis;

S. 854. An act for the relief of Luther M. Crockett;

S. 917. An act for the relief of Mr. and Mrs. Fred A. Fletcher; and

S. 1034. An act for the relief of Asag Nishimoto.

MUTUAL SECURITY ACT OF 1959

The PRESIDING OFFICER. The morning hour having expired, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER. The unanimous-consent agreement previously entered now becomes operative. The question recurs on the Ellender amendment designated "O." Under the unanimous-consent agreement, 1 hour has been allotted to this amendment, one-half hour to each side.

Mr. GORE. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Tennessee ask unanimous consent that the time for the quorum call not be charged to either side?

Mr. GORE. Mr. President, I ask unanimous consent that the time for the quorum call not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Without objection, it is so ordered.

The pending question is on agreeing to the amendment lettered "O," submitted by the Senator from Louisiana

[Mr. ELLENDER], which he has designated as one of three amendments on which he desires to have 1 hour each, with the time to be equally divided between the two sides.

How much time does the Senator from Louisiana yield to himself?

Mr. ELLENDER. So much as I may desire of the time available to me, Mr. President.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. ELLENDER. Mr. President, about two-thirds of the authorization in the pending bill for military assistance would be allocated to NATO Europe, which includes Greece and Turkey, as well as most of the countries of Western Europe. I am opposed to further grants for these countries, because that area of the world is presently enjoying unparalleled economic prosperity. I propose to document this statement in a later portion of my address.

If the nations of Western Europe had accepted the original purpose of the Marshall plan, they would now be helping us in our endeavor to develop the backward nations of the world. But this is not happening. Western Europe still has its hand out, and is looking for more aid.

I cannot accept the premise that foreign aid must be continued because the United States is an endless repository of wealth, and I believe the facts support my position.

As I said on Thursday, last year, for the first time since the War Between the States, the United States had a deficit in its balance of payments. What is more, we are fast losing our gold reserves to the very people who still are receiving our aid, our dollars.

Mr. President, at this time I wish to read an article which was published in the London Observer on June 7 of this year, as follows:

[From the London (England) Observer, June 7, 1959]

DOLLAR ON DEFENSIVE

(By Alan Day)

A great deal too much play has been made recently with the idea of the weakness of the dollar.

Obviously, there is a strong temptation for us in Britain to take pleasure when sterling's international rival is under pressure while sterling is standing very well in world esteem. But it would be wise to restrain any tendency to chortle at our friends' misfortunes; if they were really to become serious, the effects on us would be very unpleasant.

Fortunately, there is no reason to think that the dollar is at present under any real pressure. Naturally, one is a little suspicious when the Secretary of the U.S. Treasury make a solemn declaration that the dollar will not be devalued—the whole thing is too reminiscent of sterling in 1949. But sometimes such statements should be taken at their face value—and this is such an occasion.

GOOD CREDITOR

As far as the flows of payments into and out of the United States are concerned, the current position is one which we should all regard as encouraging. America is playing the role of a good creditor which we have so long demanded of her, by lending abroad and making grants to poor countries. At the

same time, she is importing on an immense scale—because she provides the most prosperous and one of the most wide-open markets in the world.

A great deal is heard of American tariffs and import restrictions, but the fact is that her policies are remarkably liberal. Many of her tariffs, particularly on industrial goods, are low by the standards of the advanced industrial countries—as an example, cars pay 10 percent going into the United States compared with about 20 percent in Germany and 30 percent in France and Britain.

LOSING RESERVES

The average incidence of the American tariff on all foreign goods is almost certainly not appreciably higher, and may be substantially lower, than that of the United Kingdom. And protection of American manufacturing industry by quotas is so rare as to make headline news—whereas we and other European countries still protect many sensitive industries in this way, even though there are no longer any real balance-of-payments reasons for doing it.

Even so, it can be argued, America is losing reserves and cannot go on doing so forever. At the latest count, her gold reserves were only slightly above the \$20 billion mark, and if recent rates of decline continue, they will fall below that level within a few weeks.

A LUXURY

Of this total something like \$12 billion of America's gold reserves are tied, in that they are required by law as "backing" for the internal currency circulation. This requirement is a luxury that Britain has long foregone, and in 1945 the American authorities found no difficulty in reducing the required backing from 40 percent to 25 percent of the currency circulation. Compulsory gold backing for a currency is, in fact, a primitive survival; the value of money derives not from its gold content but from its acceptability and depends on its being sufficiently scarce not to lose its value.

All the same, even if the American legal reserve is regarded as sacrosanct, the United States still has enough free reserves to pay out 60 percent of her overseas short-term liabilities. This compares very favorably with Britain, who would use up the whole of her gold reserve if she had to pay out only 33 percent of her sterling liabilities.

THREE CHOICES

The fact remains, however, that America cannot allow an indefinite decline in the ratio between her reserves and short-term liabilities—which would happen if her present balance-of-payments deficit were to continue indefinitely. If she chose to deal with the problem by reducing this deficit, various steps would be open to her.

She could cut her aid to other countries—and certainly it is arguable that the \$1 billion which went in 1958 to Western Europe (other than Greece and Turkey) is not particularly justifiable. She could cut imports; a really illiberal policy would do the rest of the world much harm. And in the last analysis she could devalue.

That, however, is such a remote contingency that it should not be taken seriously—except insofar as one should bear in mind that a dollar devaluation in terms of gold would almost certainly entail an equivalent sterling devaluation. When our average payments surplus is still well below the £350-£400 million annual rate which we need for safety, any upward valuation of sterling in relation to any major currency would be very dangerous. And as the National Institute of Economic and Social Research recently pointed out, the evidence of recent years is that both American and British prices of manufactured exports have risen relatively to other countries' prices. Sterling and the dollar must hang together;

we cannot hope to let the dollar hang separately.

The worrying thing, however, is that the time may be coming when the world's dependence on the dollar and sterling as international currencies may put them both under real strain. Professor Robert Triffin, in an article in the latest issue of the *Quarterly Review of the Banca Nazionale del Lavoro*, has argued convincingly that the world's normal need for increased supplies of international currency over the next decade are likely to exceed current gold production by \$5 to \$15 billion.

RISK OF STRAINS

To close this gap by further extension of the use of dollars or sterling as ways of holding reserves would dangerously lower the ratio of Britain's and America's reserves to their short-term liabilities. He sees the 50 percent expansion of the quotas of the International Monetary Fund as a movement in the right direction, but far more comprehensive measures are needed if a return to a widespread system of controls is to be avoided.

The most promising line of approach he sees lies in a true "internationalisation" of the world's foreign currency reserves. This would remove the risk of strains on centre countries such as America and Britain, arising from the international use of their national currencies, which develop when there is speculation against dollars or sterling. In a truly international system, there would be a single international currency, so that arbitrary shifts between gold, dollars and sterling would not take place.

FROM EXPERIENCE

Triffin's own detailed solution will be developed in the next issue of the *Review*; but the line of thought that will deal with the problems he sees is clear enough. This is for the artificial creation of a truly international currency which would be perfectly substitutable for gold. Such a movement in this direction of artificially creating currency which is acceptable throughout the world economy is simply an application on the international scale of the monetary developments of the last century on the national scale, through the development of central banking and paper money. And in the fact that it builds on past experience lies much of the attractiveness of this next step in the movement toward a sophisticated international currency system.

Mr. President, the *RECORD* will show that last year I proposed to reduce the \$1 billion which went to Western Europe in 1958 which the author of the article says was not justifiable.

Mr. President, in the pending amendment, I am merely asking that the \$1.6 billion proposed to be authorized for military assistance be cut by \$550 million.

The truth of the matter, Mr. President, is that we can no longer afford the present foreign aid program—if, indeed, we ever could have afforded it.

I think it is high time for us to look to our own financial stability. If we continue this program, we shall, I fear, spend ourselves into the poorhouse, and become a second-rate nation.

The effect of my amendment would be to reduce the amount authorized for military assistance by \$550 million. That would reduce the sum for that purpose from \$1.6 billion to \$1,050 million.

In my judgment, this would be the ideal place to begin making reductions in this bill.

Of the total of \$1.6 billion for military assistance in the committee's amendment, at first blush it would seem that this amount would be divided as follows: NATO Europe, \$1.1 billion; Near East, Africa, Southeast Asia, and the Far East, \$403.5 million; Latin America, \$96.5 million.

The European amount, I wish to point out, is an increase of \$223 million over the original administration request of \$777 million. The latter sum includes, in addition to direct military hardware gifts, such items as NATO infrastructure, mutual weapons development, facilities assistance, and so forth, all of which are nothing more than military aid to our NATO allies.

It should further be pointed out that the Foreign Relations Committee has recommended an increase, by a somewhat devious route, in the amount of military aid money for Western Europe of \$223 million. The total amount in the bill for military aid has not been increased. On the contrary, the administration estimate has been maintained; but the extra quarter billion dollars for Europe would be provided by taking proposed military aid from other areas and shifting it to Western Europe. I shall have more to say about this subsequently.

The committee has also done some fancy juggling with proposed military aid to Latin America. The original budget estimate was \$96.5 million for this purpose, the same amount as has allegedly been earmarked for that purpose in the pending bill.

However, only \$65 million need be spent for actual military aid to Latin America. The remaining \$31.5 million is neither fish nor fowl. The committee states that it is to be used, first, to establish a military force under the authority of the Organization of American States.

Frankly, Mr. President, I have some grave doubts about the wisdom of providing such a large amount to create a supranational police force, under the auspices of an agency whose voting power we do not control, and for use in an area where political instability has been the rule, rather than the exception, particularly during recent months.

We may well be on the way to creating a military Frankenstein monster. As a matter of fact, Mr. President, it seems extremely likely that this supranational police force may never come into being. But the committee has taken care of that alternative, too. It has provided that in the event no such super-duper army is created, the \$31.5 million must be used for economic grant aid.

The committee amendment contains some other little gadgets, designed to deceive and confuse, which, when taken together, convince me that the application of the term "military aid" to the \$1.6 billion amount in the bill under that category is really more fiction than fact.

First, the President—listen to this—has the authority to transfer up to 30 percent of the military aid money authorized in the pending bill to economic grant aid, in other words, economic assistance gifts. This means that the military aid amount can be reduced by up

to \$480 million, and transferred over to economic assistance. In effect, nearly a half billion dollars of so-called military aid money is available for outright economic aid; and that partly forms the basis of my argument that the amount for this purpose should be reduced from \$1.6 billion to \$1.050 billion.

Second, \$10 million of the military assistance fund is specifically earmarked for financing the education within the United States, Puerto Rico, and the Virgin Islands of citizens of underdeveloped countries. This means that another \$10 million of so-called military assistance must really be used for educational exchange.

I would also like to emphasize that this \$10 million authority is not a one-shot proposition. On the contrary, the bill provides that \$10 million per year, for the next 5 years, must be taken from funds provided for military assistance to be used for this educational exchange.

Mr. President, I wish to offer, and ask unanimous consent to have printed in the RECORD at this point, a summary compiled by the Library of Congress of the educational exchange programs we now have throughout the world. We are now spending quite a few million dollars in that field. It would seem to me, rather than to use more money, which we now do not have for this purpose, we should at least keep up with the programs now in operation, if we can.

I ask unanimous consent to have this summary printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

U.S. GOVERNMENT INTERNATIONAL PROGRAMS WHICH PROVIDE FOR EXCHANGE OF PERSONS, FOR EDUCATION, TRAINING, OBSERVATION, RESEARCH AND TECHNICAL SERVICES OF PERSONNEL

SELECTED PROGRAMS, NOT INCLUDING THOSE WHICH PROVIDE FOR DISTRIBUTION OF INFORMATION AND EDUCATIONAL MEDIA

Department of State

1. International Educational Exchange Service:

Fulbright Act, Public Law 584, 79th Congress, authorizes the use of foreign currencies for educational exchange purposes. It provides for the execution of executive agreements with other countries and the establishment of foundations or commissions in such countries to carry out the program.

The U.S. Information and Educational Exchange Act—Smith-Mundt Act—Public Law 402, 80th Congress—authorizes the broad educational exchange program and provides the administrative authority for other educational exchanges of a more specialized nature. It authorized the creation of a U.S. Commission on Educational Exchange.

Other legal authorization:

Convention for the Promotion of Inter-American Cultural Relations, signed at Buenos Aires, Argentina, in 1936 (ratified by the United States in 1937), provides for an exchange of professors, teachers, and students among the American Republics.

Public Law 355, 76th Congress, authorizes the carrying out of reciprocal undertakings with the other American Republics.

Public Law 265, 81st Congress, authorizes the use of future payments by Finland on her World War I debt for educational and technical instruction and training and the exchange of scientific, technical, and scholarly books and laboratory and technical equipment.

Public Law 861, 81st Congress, to discharge a fiduciary obligation to Iran, authorizes the expenditure of \$110,000 for the education of Iranian students in the United States.

Public Law 400, 82d Congress, enlarges the sources from which foreign currencies may be made available for educational exchange activities authorized in the Fulbright Act.

Public Law 48, 82d Congress, the Indian Emergency Food Aid Act of 1951, provides that "Any sums payable by the Government of India, under the interest terms agreed to between the Government of the United States and the Government of India, on or before January 1, 1957, as interest on the principal of any debt incurred under this act * * * shall * * * be available to the Department of State for * * * an educational exchange program."

Public Law 480, 83d Congress, authorizes foreign currencies derived from the sale of surplus agricultural products to be used for, among other things, the financing of international educational exchange activities and aid to American-sponsored schools, libraries, and community centers abroad.

Public Law 665, 83d Congress, authorizes the use of Irish counterpart funds for scholarship exchange between the United States and Ireland (sec. 417) and authorizes the reservation and sale of foreign currencies to the Department of State for international educational exchange activities (sec. 514).

Convention on inter-American cultural relations, signed at Caracas, Venezuela, in 1954 (ratified by the United States in 1957), revises the 1936 convention.

Public Law 170, 85th Congress, provides for the purchase of Israeli pounds generated by the informational media guaranty program which are owned by the U.S. Treasury and will be used for educational, scientific, and cultural purposes in Israel.

2. President's special international program for cultural presentations: Public Law 860, 84th Congress, the International Cultural Exchange and Trade Fair Participation Act of 1956. This act provides for tours in countries abroad by creative and performing artists and athletes from the United States, individually and in groups, and for U.S. representation in artistic, dramatic, musical, sports, and other cultural festivals, competitions and like exhibitions abroad.

3. East-West contacts staff:

Legal authorization: Act of July 27, 1789, as amended, whereby the Secretary of State is charged, under direction of the President, with duties pertaining to the conduct of foreign affairs; recommendation of the National Security Council, approved by the President June 29, 1956.

Under the above authorizations the East-West contacts staff administers a program to encourage mutually beneficial exchanges, including academic exchanges, with countries of Eastern Europe with which the United States maintains relations.

4. International Cooperation Administration:

Title 22, United States Code, section 1892; section 302, Mutual Security Act of 1954: This section authorizes the technical cooperation program. Certain educational activities also are carried out by ICA under section 131, covering defense support, and section 400, which establishes a special-assistance fund. The act also provides for U.S. contributions to the United Nations expanded technical assistance program and various other multilateral programs, which, in turn, perform educational activities in the international sphere.

ICA international education activities can be described under four main categories:

(a) Training of foreign nationals in the United States and third countries.

(b) Providing U.S. technical advisers to cooperating countries.

(c) Technical assistance to cooperating country educational systems and institutions.

(d) Financial assistance to educational institutions and systems.

Under the latter program financial assistance for buildings, equipment, and operating costs is provided under the defense support and special assistance categories of the Mutual Security Act and under the authority of section 402 of the act, and in the case of local currency assistance under Public Law 430, 83d Congress (the Agriculture Trade and Development Act, 7 U.S.C. 1691).

Department of Defense

1. Departments of Army, Navy, and Air Force: Military assistance program.

Mutual Security Act of 1954, as amended: Under the military assistance program the Department of Defense provides a selected number of allied countries with materiel and training assistance to strengthen their internal security and develop their military forces. Under the training program the following specific types of assistance are provided either on a grant-aid or reimbursable basis:

(a) Courses in armed services specialized schools and facilities.

(b) Mobile training teams.

(c) Technical representatives for field training.

(d) Training missions and groups.

Foreign students at U.S. Service Academies: Authorized under title 10, United States Code.

U.S. officers attending foreign military schools: Arrangements for this training are based upon agreements negotiated between the Department of Defense and/or the appropriate military department for the United States, and the appropriate ministry or military organization of the host nation for its government.

Officer education abroad under scholarship programs, such as the Rhodes and Fulbright Awards: Authorization: Invitation of scholarship trustees or administering agency, and service instructions. Under the Fulbright program, selected personnel are detailed to study in universities in other countries.

Foreign tuition assistance for U.S. military personnel for off-duty study: Public Law 117, 85th Congress, title VI (Department of Defense Appropriation Act of 1958).

2. Department of the Army:

Educational exchange, Ryukyuan students, Public Law 170, 85th Congress, exchange of persons program. Office of Civil Affairs and Military Government, U.S. Army.

Educational exchange, Ryukyuan national leaders: Public Law 170, 85th Congress.

Inter-University Mission: Public Law 170, 85th Congress, for the development of the University of the Ryukyus.

Department of Health, Education, and Welfare

Most of the international educational programs conducted by agencies of this Department involve administrative and financial arrangements of the U.S. Government.

1. Office of Education:

Teacher Exchange: Public Law 584, 79th Congress (Fulbright Act).

International Teacher Education:

Public Law 355, 76th Congress (Training Latin American teachers).

Public Law 584, 79th Congress (Fulbright Act).

Public Law 402, 80th Congress (Smith-Mundt Act).

Public Law 265, 81st Congress (Finnish Education Act).

Technical cooperation program training: Authorization, Mutual Security Act of 1954, as amended. Under an interagency agreement with ICA the Office of Education provides for the training of certain foreign nationals in the United States.

2. Office of Vocational Rehabilitation:

This Office has participated in the training of foreign personnel in the field of vocational rehabilitation of the disabled since 1946.

This function has been carried out under authority prescribed by the following legislation (as amended), Executive order, and permissive delegation: The United Nations Participation Act of 1945, Public Law 264, 79th Congress, U.S. Information and Educational Exchange Act of 1948, Public Law 535, 81st Congress, title IV, the act for International Development; Public Law 165, 82d Congress, Mutual Security Act of 1951; Executive Order No. 10159, dated September 8, 1950.

3. Public Health Service:

Research and Study Awards: Public Law 410, 78th Congress, as amended. Under this authority the Public Health Service awards research grants, research fellowships and research training grants. Some of the awards have been made to U.S. citizens for research and study abroad in institutions having outstanding international reputations or unique laboratory facilities. Some of the awards have been given to foreign nationals for research or study in their own countries or in the United States.

Recruitment and Guidance Services to ICA: Mutual Security Act of 1954, as amended. Under an interagency agreement the Public Health Service performs services to foreign nationals referred by the ICA.

4. Social Security Administration: Public Law 402, 80th Congress, as amended.

Public Law 665, 83d Congress, as amended, and interagency agreements.

This agency carries out certain international exchange activities in cooperation with the Department of State, the International Cooperation Administration, the United Nations, and the World Health Organization (through arrangements with the Department of State).

Department of Agriculture

Public Law 535, 81st Congress, title IV, Act for International Development; memorandum of agreement between Department of Agriculture and Foreign Operations Administration, dated February 18, 1945; appendix II to memorandum of agreement.

Under these authorizations the Department provides for the training of foreign nationals in agriculture, home economics, and related subjects. This training is provided in cooperation with land-grant colleges and universities under agreements with the ICA and the European Productivity Agency.

Department of Labor

This Department receives requests, mainly from the ICA and the International Educational Exchange Service of the Department of State, to conduct training, study, and observation programs for foreign nationals. The Department serves as a central point in the Government for activities of this type in the field of labor and closely related fields.

1. Technical cooperation: by agreement with ICA for the nonmilitary phase of the mutual security program on July 1, 1955.

2. Activities of the Office of International Labor Affairs: This office provides general direction, coordination, and administration of the Department's services under the program of the ICA. These programs rely on the cooperation of American trade unions and industry since a major portion of the programs is devoted to visits to such organizations. Programs at academic institutions and labor schools are also arranged as an important part of many of the projects.

3. Activities of the Bureau of Labor Statistics: The Bureau provides a 1-year training course in labor statistics for visiting statisticians and technicians of other countries who are interested in the sampling and survey procedures used in the United States

for these programs. Short programs also are provided for labor and industry teams of foreign nationals.

4. Activities of the Bureau of Labor Standards: Training courses are provided through this Bureau for visitors from other countries in the fields of industrial safety and labor law administration.

5. Activities of the Bureau of Employment Security: This Bureau provides training courses for participants from other countries in the fields of public employment services, unemployment insurance, and labor market analysis and information.

6. Activities of the Bureau of Apprenticeship and Training: This Bureau provides the following types of training for foreign participants: (1) Administration and practices in apprenticeship and other systems of industrial training; and (2) training in U.S. industrial techniques in selected industries and fields.

7. Activities of the Women's Bureau: The training activities of this Bureau mostly involve lectures and discussions over a short period.

International educational exchange: The Department enters into annual agreements with the International Educational Exchange Service to provide for the arrangement of programs in the United States for leaders and specialists in the labor field who are invited to the United States under the international educational exchange programs administered by the Department of State. These programs emphasize giving the visitors a broad insight into the cultural life of the United States while also giving them an opportunity to follow interests in their particular technical fields. Most of these visitors are programed by the Office of International Labor Affairs. When a specialist or leader has a primary interest in one of the other bureau's technical fields that bureau assists the Office in arranging particular segments of the overall programs for visitors under the educational exchange programs.

Department of Commerce

Practically all of the bureaus and constituent agencies of this Department are carrying out programs for the training of foreign nationals, using funds transferred from the ICA, and, in some cases, also funds appropriated directly to the Department.

1. Bureau of the Census: The Bureau conducts a special training program for ICA, under the legal authorization for and with funds provided by that agency. The purpose of the program is to impart technical knowledge and skills to practicing statisticians in Government service, with special emphasis on basic statistical data for underdeveloped countries.

2. Bureau of Public Roads: Foreign aid and training programs authorizations: Philippine Rehabilitation Act of 1946, Public Law 370, 79th Congress; assistance to Greece and Turkey, Public Law 75, 80th Congress; Smith-Mundt Act, Public Law 402, 80th Congress; Foreign Assistance Act of 1948, Public Law 472, 80th Congress; Mutual Defense Assistance Act of 1949, Public Law 329, 81st Congress; Mutual Security Act of 1951, Public Law 165, 82d Congress, as amended.

This Bureau provides certain foreign countries technical assistance which is largely of an educational nature. The program includes training in highway improvement techniques for a number of foreign highway engineers and officials. This training is conducted principally in the United States, but at times also at selected foreign locations. The Bureau assigns engineers and technicians from its staff to help train native technical staffs to improve highways.

3. Civil Aeronautics Administration: Aviation training for foreign nationals authorizations: Public Law 355, 76th Congress, cooperation with the other American Re-

publics; Public Law 402, 80th Congress, Smith-Mundt Act; Public Law 647, 80th Congress, International Aviation Facilities Act; Public Law 535, 81st Congress, title IV, Act for International Development; Public Law 155, 82d Congress, Mutual Security Act of 1951; Public Law 665, 83d Congress, Mutual Security Act of 1954, as amended.

The CAA training program has several purposes, namely: (1) to provide technical assistance to underdeveloped countries in order to improve their economy and their transportation systems; (2) to encourage the development of an international air transportation system adapted to the needs of the foreign commerce of the United States; (3) to encourage the development of U.S. air commerce abroad; (4) to implement U.S. international aviation agreements; (5) to seek the improvement of air navigation facilities, services, and safety and efficiency of operations of air carriers abroad for the benefit of all persons using air transportation.

4. Coast and Geodetic Survey: Technical cooperation training. Authorizations: Mutual Security Act of 1954, as amended; Smith-Mundt Act, 1948; the U.N. fellowship programs.

This agency trains a number of foreign nationals under the technical education and exchange programs of the ICA, the International Educational Exchange Service (Department of State) and the United Nations.

5. Maritime Administration: (a) Foreign students at U.S. Merchant Marine Academy, Public Law 704, 79th Congress. The Maritime Administration provides the course of instruction at the U.S. Merchant Marine Academy to not more than 12 persons at a time from American Republics other than the United States.

(b) Technical assistance program, Mutual Security Act of 1954, as amended. The Maritime Administration gives training to foreign nationals in such fields as steamship company management, port and terminal operations, ship construction, etc. Requests for such training are submitted to the Maritime Administration by the ICA and by the International Educational Exchange Service of the Department of State, which handles United Nations and some privately financed trainees.

6. National Bureau of Standards: 27 Stat. 395, joint resolutions of April 12, 1892; 31 Stat. 1010, Deficiency Appropriation Act of March 3, 1901; 64 Stat. 198, Foreign Economic Assistance Act of 1950.

Under these authorizations the Bureau cooperates with other countries in personnel training and research in the fields of physics, chemistry, engineering, mathematics, and constants of materials, including specifications and standards.

The Bureau trains the foreign nation's scientists sent to its laboratories, in the type of work necessary to achieve technical and administrative ability in the new or advanced fields of work. The training in academic courses is given some of these foreign nationals in the Bureau's Graduate School.

7. Office of Business Economics: Training foreign nationals in business economics. By arrangement with the ICA this office trains selected foreign government and central-bank personnel to prepare national-income and balance-of-payments estimates.

8. Weather Bureau: Meteorological training for foreign nationals. Authorizations: Basic legislation establishing the functions of the Weather Bureau; section 803 of the Civil Aeronautics Act of 1938; Smith-Mundt Act of 1948, Public Law 402, 80th Congress; the Mutual Security Act of 1948, as amended.

The purpose of the Bureau's training program is to help participants from foreign countries increase their technical knowledge of meteorology through academic training or on-the-job training, or a combination of both.

Department of Interior

1. Bureau of Reclamation: Training in development of water resources. Authorization: Public Law 402, 80th Congress, Smith-Mundt Act; Public Law 665, 83d Congress, Mutual Security Act, as amended. The Bureau through technical assistance trains foreign nationals and performs specialized laboratory studies and design work.

2. Geological Survey:

Training in geological research. ICA participants, Mutual Security Act of 1954, as amended; AEC participants, AEC Appropriation Act; U.N. participants and IES participants, Public Law 402, 80th Congress, Smith-Mundt Act.

The purpose of this program is to select participants on the basis of their scientific ability and their potential contribution to the welfare of their country through proper application of geological research and investigation.

3. Fish and Wildlife Service:

Instruction in conservation of fish and wildlife resources. Authorization: Memorandum agreement between Department of Interior and Foreign Operations Administration (predecessor to the ICA) effective March 15, 1954.

The kind of training provided under this agreement varies with the specialized subject of interest, background, and needs of the participant, and the nature of the work to be performed in the home country.

4. Bureau of Mines:

Training in the minerals industry. Authorization: Mutual Security Acts; agreement between the Department of Interior and ICA; agreement between the Department of Interior Agencies and ICA, July 23, 1954; Public Law 402, 80th Congress, Smith-Mundt Act.

The training covers all phases of the minerals industry, with emphasis, according to the major needs of the countries represented, in mining and metallurgy, the production and efficient utilization of fuels, and health and safety practices.

5. Bureau of Land Management:

Instruction in management of land resources. ICA and Interior agreement, 1954.

This Bureau provides for on-the-job training to selected foreign nationals in the United States and has sent technicians to underdeveloped countries to advise in the management of land resources.

National Science Foundation

Public Law 507, 81st Congress, (sec. 3, par. (a) (4); sec. 10): The Foundation has programs for the award of predoctoral, postdoctoral, senior post-doctoral, and science faculty fellowships. These awards are made solely on the basis of ability for study at accredited nonprofit institutions of higher education in the United States or any similar institutions abroad of the recipient's choice.

Atomic Energy Commission

Public Law 703, 83d Congress, Atomic Energy Act of 1954: This program provides for the admission of qualified foreign nationals to the Commission's International Nuclear Technology School; Oak Ridge training in radioisotopes techniques; training in radiochemical and counting procedures; and for training of Latin American and Puerto Rican students in the Puerto Rico nuclear center courses.

Activities of other departments and agencies

In cooperation with the ICA and other Government agencies, training and observation programs for foreign nationals also are carried out in their various related subject areas of training by the Department of the Treasury, the Federal Communications Commission, the Housing and Home Finance Agency, the Civil Service Commission, the Tennessee Valley Authority, the Department

of Justice, the Post Office Department, and the Federal Civil Defense Administration.

Source.—U.S. Congress. House. Committee on Government Operations. Government programs in international education (A survey and handbook) 85th Congress, 2d session House Report No. 2712. Washington, U.S. Government Printing Office, 1959. Pages 51-155.

Mr. ELLENDER. Taken together, Mr. President, a total of \$521.5 million of the \$1.6 billion authorized for military assistance should more properly be categorized as economic aid.

Roughly, \$1.1 billion of the military aid authority is actually "hard core" military assistance.

Furthermore, the gadgets and doodads provided by the committee as a means of permitting the use of military aid for nonmilitary purposes further dilute the power and control of the Congress over the foreign aid program. It grieves me, Mr. President, to note that not only does this measure propose the further depletion of our Nation's economic resources, but it also contemplates an inexcusable depletion of the authority of Congress over the entire program.

Earlier in this discussion, Mr. President, I referred to NATO Europe, which is in line to receive \$1.1 billion in military aid, if the committee bill is approved.

I believe that by now Senators are well aware of my views on military aid to NATO. I have stated on many occasions that our Western European allies, whom we have nursed back to economic health, are well able to stand on their own feet, and it is high time they began carrying a greater portion of their own defense burden.

My arguments in the past have gone unheeded. In my opinion, the Senate has succumbed to emotionalism and on many occasions to juggled figures offered by the executive branch.

The time has come, however, for Senators to lay aside the cloak of deception in which military aid to Europe has been wrapped and come to grips with the very basic realities of the economic facts of life in the NATO area.

I propose to demonstrate to Senators that our so-called European allies are not only asleep at the switch insofar as their own defense is concerned, but that they are actually exploiting the generosity of the United States and our desire to preserve freedom against the onslaught of communism and using these factors as a means of increasing their own economic resources—increasing their economic competition with the United States, and, I fear, driving us toward the day when our own great Nation will be reduced to the status of a second rate power, both economically and militarily.

Congress is told year in and year out that the NATO countries must be aided because NATO supplies us with both a retaliatory force and a shield which are both absolutely essential to their security as well as our own.

Granted that this is correct, are we not justified in asking ourselves the question: Are our allies, who are well able to help us share the burden of pro-

tecting the free world, actually contributing their fair share to the joint venture of obtaining security for the free world? I believe a careful study and analysis will reveal they are not.

To answer the charge that our allies are not making a fair contribution to the mutual security of the free world, during the past few years, the proponents of a bigger and better military assistance program have employed the most contorted type of statistical gymnastics to convince the Congress and the taxpayers of this country that our allies are really contributing more than their share.

Graphic charts, employing gaudy colors, have been presented to the Senate Appropriations Committee, showing that our allies in Western Europe and those in the NATO bloc have spent \$6 for every dollar contributed by the United States. The statisticians, par excellence, then contend that this is visible proof of the great burden being carried by our allies.

For the uninitiated or for those who simply desire to close their eyes to reality, this so-called ratio of 6 to 1 has great appeal. But let us see of what it is composed.

The statistical gymnasts in developing this ratio combine the total defense expenditures of these countries—in some cases this total may include the amounts spent by the countries for their civil police force—and then compare the total with the amount which we contribute to assist them. They do not consider the total amount spent by the United States. To me this statistical presentation is purely and simply a case of deception, and lends credence to the old adage "that figures do not lie but liars figure."

Let us look at statistics which are fair—data which do not compare apples with oranges—but which compare apples with apples.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ELLENDER. I will yield to the Senator, on the Senator's own time.

Mr. FULBRIGHT. Yes. Is the Senator making the point that he thinks the committee members are liars in presenting the bill to the Senate?

Mr. ELLENDER. No. I did not say that.

Mr. FULBRIGHT. What is the significance of the remark?

Mr. ELLENDER. I am talking about the people who have furnished this information and juggled the figures for the past 5 or 6 years.

Mr. FULBRIGHT. The committee members are not liars, but the administration representatives who furnished the figures are liars?

Mr. ELLENDER. I presume so. The Senator can take it as he wants to.

Mr. FULBRIGHT. I want to be clear on what the Senator means.

Mr. ELLENDER. The Senator can take it as he wants to.

Mr. FULBRIGHT. I want to understand what the Senator means.

Mr. ELLENDER. If the Senator is willing to listen to a parade of the same

persons who come before his committee year after year and, for example, make the statement that we spend \$1 to our allies' \$6 for the protection of Western Europe, and he does not look any further, I think there is fault to be found. I have been trying to correct this situation for the past 5 or 6 years. I am sorry to say I seem to have completely failed.

Mr. FULBRIGHT. The Senator understands, of course, I am not yielding on my time for the Senator to make another speech.

Mr. ELLENDER. Very well.

Mr. FULBRIGHT. I yielded for the question. I simply wanted to learn if the Senator was calling the committee members liars, or whom the Senator was calling a liar.

Mr. ELLENDER. If the Senator will read my speech in the RECORD tomorrow he will see to whom I was referring.

I hold in my hand a table showing the comparative resources which the United States and a number of European countries are expending for their own defense—exhibit E. This table demonstrates that the United States is devoting over 10 percent of its gross national product to defense, compared with less than 8 percent for the United Kingdom, less than 7 percent for France, less than 4 percent for Italy, 3.4 percent for Western Germany, 3.4 percent for Belgium-Luxembourg, and less than 3 percent for Denmark.

In other words, Mr. President, the United States, in many instances, is devoting in excess of three times as much of its gross national product to its defense and the defense of the free world, as some of the very nations to whom we are giving military hardware and other defense aid.

My staff has also developed some statistics which indicate what would happen if our so-called allies devoted the same percentage of their gross national product to defense as is used for that purpose by us—exhibit E. These data show that if this were done the following increases could be made in the defense budgets of the countries I have referred to: Britain, \$1.6 billion; France, \$1.8 billion; Canada, \$1.4 billion; Italy, \$1.6 billion; Western Germany, \$3.5 billion.

Taken together, Mr. President, if the NATO countries, including West Germany, were to earmark 10 percent of their gross national product for defense expenditures, an additional \$12,540 million would be available for the defense of Western Europe.

If this were done, Uncle Sam could certainly reduce his gifts to these countries. However, if U.S. aid were continued at projected levels, and if our NATO allies devoted 10 percent of their gross national product to defense, the United States would still be spending \$2 for every \$1 spent by our generous and unselfish allies for their own defense.

Mr. President, I ask unanimous consent that the table I have referred to—exhibit E—be printed at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT E

Summary of actual defense costs of NATO countries and projection of defense costs for these countries based on 10 percent of gross national product

[Dollar amounts in millions]

	Actual defense costs	Per- cent of GNP ¹	Defense costs based on 10 per- cent of GNP	Dif- ference
Britain.....	\$4,800	7.5	\$6,400	\$1,600
France.....	3,800	6.8	5,590	1,790
Canada.....	1,800	5.6	3,200	1,400
Greece.....	155	5.3	300	145
Netherlands.....	460	4.9	940	480
Turkey.....	510	4.2	1,200	690
Italy.....	1,000	3.8	2,600	1,600
Norway.....	145	3.7	400	255
West Germany.....	1,800	3.4	5,300	3,500
Bel-Lux.....	380	3.4	1,100	720
Denmark.....	140	2.8	500	360
Total.....	\$ 14,990	-----	\$ 27,530	12,540

¹ Data supplied by ICA.

² U.S. cost totals \$45,489,000,000 or 10.4 percent of its gross national product. United States spends \$3.03 for every dollar spent by allies shown in above table.

³ Even if allied countries shown above would spend 10 percent of their gross national product, the United States would still be spending almost \$2 for every \$1 spent by these countries.

EXHIBIT F

Consumption and investments expressed as percentage of available resources, selected countries, 1958

[Dollar amounts in millions¹]

	Consumption of available resources	Percent of total available resources	Investment of available resources	Percent of total available resources	Total available resources
France.....	\$45,538	80.6	\$10,963	19.4	\$56,501
West Germany.....	38,009	74.7	12,711	25.3	50,720
Italy.....	20,956	79.2	5,512	20.8	26,468
United Kingdom.....	52,100	84.4	9,700	15.6	61,800
Japan.....	20,186	72.9	7,499	27.1	27,685

¹ Not adjusted for purchasing power disparities.

Source: Office of Statistics and Reports. ICA, June 15, 1959.

Mr. ELLENDER. Mr. President, our great country reinvests only about 15 percent of its gross national product each year. Only 15 percent of our gross national product is plowed back into our economy to expand our production base, to modernize existing capital facilities, and to lay the foundation for assuring generations as yet unborn the same standard of living we enjoy today.

With that in mind, let us see what our so-called partners in Europe are doing.

France, Mr. President, is reinvesting not 15 percent but nearly 20 percent of its available resources. Italy is reinvesting nearly 21 percent of its own resources. Western Germany, I wish to emphasize, is prosecuting its economic expansion program at a rate nearly twice our own. More than 25 percent of Germany's available resources are being plowed back into its economy compared with 15 percent for our own country.

But here is the best yet. Our former enemy, Japan, whose economic competition has already brought distress to many industries in the United States, is actually reinvesting nearly 30 percent of its available resources to expand its production base.

Mr. President, it seems to me absolutely foolhardy that we should actually

Mr. ELLENDER. Mr. President, I have advanced this very same argument in the past and I have been confronted by a collective throwing up of hands by Members of the Senate, and representatives of the executive branch. "Oh," they chorus, "this would ruin the economies of these poor countries. To require them to spend as much percentagewise as our own country for their own defense would impose intolerable burdens on their struggling economies."

Well, let us see if that is so.

I have in my hand a table entitled "Consumption and Investments Expressed as Percentage of Available Resources" for a few selected European countries—exhibit F. This table, Mr. President, I believe does much to remove the smokescreen around what our European allies can and cannot do on their own behalf.

I ask unanimous consent to have the table printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

be curtailing the resources available for the future growth of our own country in order to pour funds into the military structures of foreign nations—nations which are already expanding their economies at a more rapid rate than is the United States. We are, in effect, paying the bills for economic growth in Western Europe. We are magnanimously carrying a large portion of the defense burden of many of the Western European countries in order to permit them to have more in the way of economic resources in order to foster their own growth, expand their own production; and ultimately add to the unemployment rolls in Detroit, Chicago, West Virginia, and many other portions of the United States.

We have been told on occasion after occasion that economic aid to Western Europe was terminated in 1951. I believe the data I have presented thus far, plus additional material I will offer later on, demonstrate that this is untrue. For every dollar we give our Western European allies to expend for their own defense, one of their own dollars is freed for economic development. Thus we have not stopped economic aid to Western Europe as so many have claimed. It is still being extended to that area

in vast quantities. What we have done is to provide this economic assistance in an indirect manner, instead of pouring it into European economies directly.

I fully expect that some of my colleagues are presently thinking to themselves that the availability of resources for investment might not be a true test of the ability of various countries to defend themselves. They doubtless will take the position that shouldering a greater defense burden would bring economic stagnation to Europe. It is doubtless true that economic strength in the free world is a great deterrent to the spread of communism and other obnoxious isms.

In this connection, I would be the last to seek to impose a double standard of

economic development on our European friends, but if, as the title states, this is, indeed, a "mutual security program," then it strikes me that our NATO allies, and other countries we have helped so generously in the past, should carry a fair share of the burdens, as well as enjoy an abundance of its benefits.

I have data, Mr. President, which demonstrate that if our European friends reinvested about the same percentage of their available resources as does our own country, vast amounts of additional funds could be made available for their own defense, and they could actually be aiding us in furthering the development of backward nations throughout the world.

Earlier in my remarks, I referred to the fact that the United States reinvests about 15 percent of our own annual gross national product each year, while many of our alleged friends are investing nearly double that amount.

What would happen if selected countries of Western Europe and Japan reduced their annual reinvestments to our own level of 15 percent of gross national product?

Here is what would happen, Mr. President. I hold in my hand exhibit G, which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT G

Annual investments and consumption, selected countries, 1958

[In million of dollars ¹]

Country	Gross national product (at market prices)	Net foreign balance; inflow (+) or outflow (-)	Total available resources	Total consumption	Total investment	Assumed investment of 15 percent of available resources	Excess present investment over assumed norm of 15 percent
France.....	56,203	+298	56,501	45,538	10,963	8,475	2,488
West Germany.....	52,940	-2,220	50,720	38,009	12,711	7,608	5,103
Italy.....	26,496	-28	26,468	20,956	5,512	3,970	1,542
United Kingdom.....	63,750	-1,950	61,800	52,100	9,700	9,270	430
Japan.....	28,169	-484	27,685	20,186	7,499	4,152	3,347
Total.....							12,910

¹ Not adjusted for purchasing power disparities.

Source: Office of Statistics and Reports, ICA, June 15, 1959.

Mr. ELLENDER. Mr. President, a total of nearly \$13 billion would be made available for other purposes. For four countries of Western Europe alone, that is, France, West Germany, Italy, and the United Kingdom, growth investments maintained at a rate about equal to our own, would make available the sum of nearly \$10 billion—an amount which, in my opinion, could and should be spent for their domestic defense, and to help lift from our shoulders the burdens we have carried alone for much too long throughout the world.

The PRESIDING OFFICER. The Senator from Louisiana has 1 minute remaining.

Mr. ELLENDER. Mr. President, I wonder if the Senator from Arkansas would be generous enough to yield me 5 minutes on the bill?

Mr. FULBRIGHT. Mr. President, I yield 5 minutes on the bill to the Senator from Louisiana.

Mr. ELLENDER. These data demonstrate conclusively, Mr. President, that the only thing "mutual" about the mutual security program is its name. Our allies get all the benefits while the Uncle Sam bears all the burdens.

The time has come for us to call a halt. The only way we can prevail upon our European allies to do their fair share is to serve notice that unless they do so, Uncle Sam will cut off further aid. Experience has amply demonstrated that the United Kingdom, France, Italy, and a host of other countries will lean upon us just as long as we permit them to do so.

As a practical matter, Mr. President,

our European friends and a few other nations we are still aiding, have become so prosperous that, in some instances, their dollar holdings have increased to a point where they are actually beginning to convert those dollars into gold, at our expense, in rising amounts.

I hold in my hand a table which shows that the gold assets and dollar holdings of the continental Western European na-

tions actually increased by over \$3.7 billion from December 31, 1957, to December 31, 1958.

Mr. President, I ask unanimous consent that the table in exhibit H be printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT H

Estimated gold reserves and dollar holdings of foreign countries and international institutions

[In millions of dollars]

Area and country	Dec. 31, 1956	Dec. 31, 1957	Dec. 31, 1958	Increase (+) or decrease (-), 1958 over 1957
Continental Western Europe:				
Austria.....	367	452	605	+153
Bel-Lux (includes Belgian Congo).....	1,227	1,182	1,522	+340
Denmark.....	96	143	200	+57
Finland.....	88	99	104	+5
France (and dependencies) ¹	1,505	946	1,134	+188
West Germany.....	3,329	4,099	4,394	+295
Greece.....	187	167	139	-28
Italy.....	1,268	1,531	2,208	+677
Netherlands (West Indies and Surinan).....	1,071	1,044	1,497	+453
Norway.....	117	138	172	+34
Portugal (and dependencies).....	628	651	707	+56
Spain (and dependencies).....	176	126	106	-20
Sweden.....	483	479	507	+28
Switzerland.....	2,512	2,685	2,778	+93
Turkey.....	164	162	164	+2
Other.....	917	851	1,370	+519
Total.....	14,135	14,755	17,607	+2,852
Sterling area:				
United Kingdom.....	2,812	2,875	3,725	+850
United Kingdom dependencies.....	103	104	110	+6
Australia.....	191	211	241	+30
India.....	323	329	324	-5
Union of South Africa.....	277	255	241	-14
Other.....	228	228	251	+23
Total.....	3,934	4,002	4,892	+890

Footnote at end of table.

Estimated gold reserves and dollar holdings of foreign countries and international institutions—Continued

[In millions of dollars]

Area and country	Dec. 31, 1956	Dec. 31, 1957	Dec. 31, 1958	Increase (+) or decrease (—), 1958 over 1957
Canada.....	2,629	2,738	3,083	+345
Latin America.....	4,123	4,368	4,009	—359
Asia:				
Japan.....	1,145	714	1,098	+384
Other.....	1,650	1,610	1,543	—67
Total.....	2,795	2,324	2,641	+317
All other (includes international institutions).....	3,511	3,087	3,206	+119
Grand total.....	31,127	31,274	35,438	+4,164

¹ Excludes gold holdings of French Exchange Stabilization Fund.

Source: Federal Reserve Bulletin, March 1959.

Mr. ELLENDER. Thus it seems clear that in addition to reinvesting large amounts of money in their own economies, many of our European allies are actually increasing their dollar holdings or using dollars to purchase gold. I refer specifically to the following countries, which show considerable increases in dollar and gold holdings over the past calendar year: United Kingdom, an increase of \$850 million; France, an increase of \$188 million; Western Germany, an increase of \$295 million; the Netherlands, an increase of \$453 million; Italy, an increase of \$677 million.

I would also like to inform Senators that the dollars which our military as-

sistance to Western Europe have so generously relieved those countries from spending on themselves are being used in many instances to actually deplete our own gold reserves. During 1958 the following European countries converted large amounts of their dollar holdings into gold at the expense of the United States:

Mr. President, I ask unanimous consent to have the table in exhibit I printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT I

U.S. net monetary gold transactions with foreign countries and international institutions, 1954-59

[In millions of dollars at \$35 per fine troy ounce. Negative figures represent net sales by the United States; positive figures, net purchases.]

Country	Calendar years					1st quarter, 1959
	1954	1955	1956	1957	1958	
Afghanistan.....				—0.6		
Argentina.....			115.3	75.4	67.2	
Austria.....	—6.2				—94.2	
Bank for International Settlements.....	—20.0				—178.3	—7.0
Belgium.....			3.4	3.4	—329.4	
Bolivia.....	17.3	3.5				
Canada.....			14.6	5.2		
Chile.....				2.8	3.0	
Colombia.....			28.1			
Denmark.....				7.0	—17.0	
El Salvador.....				—3.5		
France.....		—67.5	—33.8			
Germany.....	—225.6	—10.0				
Indonesia.....				—2.0		
International Monetary Fund.....		—2.7	200.0	599.7	—7.1	—8.8
Iran.....		—3		—3	—2.3	
Israel.....	—1.1					
Italy.....					—348.8	
Japan.....					—30.1	—49.9
Korea.....		—1.9				
Lebanon.....	—8.8					
Mexico.....	80.3					
Netherlands.....				25.0	—260.9	—29.9
Peru.....				3		
Philippines.....				21.9	6.9	5.0
Portugal.....	—54.9	—5.0			—20.0	
Spain.....				31.5	31.7	
Surinam.....					—2.5	
Sweden.....	—15.0		15.2			
Switzerland.....	—15.5		—8.0		—215.2	
United Kingdom.....	—50.0		100.3		—900.0	
Uruguay.....	—5.0	11.0	29.1	3.1		
Vatican.....	8.8	4.0	3.0	1.0	—3.5	—1.2
Venezuela.....	—30.0		—200.0			
Others.....	—1.0	.4	12.9	—1.4	—3.8	—1.9
Total.....	—326.6	—68.5	280.2	771.6	—2,294.2	—92.6

¹ Includes \$13,100,000 Rumanian-owned gold blocked under Executive Order No. 10644, and pursuant to Public Law 285, 84th Cong., Aug. 9, 1955, among assets vested and liquidated, their proceeds to be distributed to American claimants against Rumania.

Figures may not add to totals because of rounding.

Source: Treasury Department, Office of International Finance.

Mr. ELLENDER. The conversions were as follows: The United Kingdom, \$900 million; Italy, \$349 million; Denmark, \$17 million; Belgium, \$329 million; Spain, \$31.7 million; the Netherlands, \$261 million.

At this point I ask unanimous consent that a table entitled "United States Net Monetary Gold Transactions With Foreign Countries and International Institutions" be printed at this point in my remarks.

Furthermore, Mr. President, the long-range trend in gold shifts seems to be en-

tirely against our own country, and in favor of those nations whom we have aided, and whom we are still assisting.

I have here a table headed "Reported Gold Reserves of Central Banks and Governments, Selected Countries, December 1952 Through December 1958."

Mr. President, I ask unanimous consent that table J be printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT J

Reported gold reserves of central banks and governments, selected countries

(In millions of dollars)

End of month	Estimated total world ¹	United States	France ²	West Germany	Italy	United Kingdom ³	Netherlands	Belgium
1952—December	36,000	23,252	573	140	346	1,846	544	706
1953—December	36,435	22,091	576	328	346	2,518	737	776
1954—December	37,080	21,793	576	626	346	2,762	796	778
1955—December	37,740	21,753	861	920	352	2,120	865	929
1956—December	38,245	22,058	861	1,494	338	2,133	844	928
1957—December	38,970	22,857	575	2,542	452	2,273	744	913
1958—January		22,860	575	2,501	457	2,404	792	946
February		22,736	575	2,489	462	2,539	828	967
March	39,135	22,487	575	2,460	462	2,770	847	998
April		22,042	575	2,492	417	2,914	862	1,028
May		21,674	575	2,499	491	3,039	881	1,099
June	39,395	21,412	575	2,575	607	3,076	910	1,143
July		21,275	589	2,581	677	3,084	920	1,182
August		21,082	589	2,587	754	3,089	944	1,213
September		20,929	589	2,597	847	3,120	956	1,228
October	39,545	20,741	589	2,633	907	3,174	999	1,251
November		20,653	589	2,639	995	3,215	1,026	1,270
December	39,865	20,582	589	2,639	1,086	3,069	1,050	1,270
1959—January		20,527	582			3,111	1,125	1,248

¹ Represents reported gold holdings of central banks, governments, and international institutions, unpublished holdings of various central banks and governments, estimated holdings of British exchange equalization account based on figures shown for United Kingdom, and estimated official holdings of countries from which no reports are received.

² Represents holdings of Bank of France (holdings of French exchange stabilization fund and not included).

³ Beginning with December 1958, represents exchange equalization account gold and convertible currency reserves, as reported by British Government; prior to that time represents reserves of gold and United States and Canadian dollars.

NOTE.—Federal Reserve Bulletin, March 1959, p. 335.

Mr. ELLENDER. This is what that table shows.

Between December 1952, U.S. gold reserves declined by approximately \$2.7 billion—from 23.2 billion to 20.5 billion.

Now, what has happened to some of our European allies?

Western Germany: Gold reserves are up by about \$2.5 billion from 140 million in December 1952, to 2.6 billion by December 1958.

The United Kingdom: Gold reserves have increased by about \$1.3 billion, from 1.8 billion in December 1952, to 3.1 billion by December 1958.

Italy: Gold reserves up by nearly a billion dollars, from \$346 million in 1952 to 1.1 billion in 1958.

Netherlands: Gold reserves up by about \$600 million, from 544 million in 1952, to 1.1 billion in December, 1958.

I remind Senators that the periods compared are 1952 and 1958. Nineteen fifty-two, the Senate will recall, was 1 year after the executive branch purportedly stopped direct economic aid to Western Europe, presumably on the premise that recovery had been achieved there, as a result of the Marshall plan.

The data I have referred to go far beyond recovery. They demonstrate great prosperity—prosperity which we continue to subsidize at the expense of curtailing our own growth.

Mr. President, I hope and pray that the Senate will adopt this amendment, which as I have explained, would cut \$550 million from the military aid program. In the past we have actually appropriated in excess of \$24 billion for that purpose. We have in the pipeline more than \$2½ billion—almost \$3 billion. I repeat that our friends across the seas, particularly in Western Europe, are now well able to take care of their own military establishments, if only they would do as much as we are now doing.

Mr. COOPER. Mr. President, I yield myself 1 minute to ask a question.

Does the Senator from Louisiana suggest any method of allocation of the \$1,050,000,000 which his amendment proposes, or would the allocation be left to the administration? Would it be left to the administration to scale down the total military assistance program?

Mr. ELLENDER. The appropriation is made as a whole, and the State Department makes the allocation.

Mr. COOPER. The burden of the Senator's speech, however, was against military assistance to Europe. As I understand, the actual scaling down would be done by the administrators of the program.

Mr. ELLENDER. The amount in the bill for Western Europe is \$777 million. It is there now. It could be used for that purpose.

Mr. COOPER. The bill would increase it by \$277 million.

Mr. ELLENDER. Exactly. This amount would merely be transferred from military assistance items in other parts of the world, according to the Senate committee amendment.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the 5 minutes yielded to the Senator from Louisiana be taken from the time on the amendment, rather than time on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. I understand that under the delegation from the majority leader, I am in control of the time in opposition to the amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. FULBRIGHT. I yield myself 15 minutes.

Before I deal directly with the merits of the amendment proposed by the senior Senator from Louisiana, I should like to make one or two observations with regard to his own statement.

I think it is unfortunate that he leaves the impression that someone, either in the committee or in the executive departments, is trying to deceive the Senate or the country. The items which he mentioned are sound and quite clear on their face. There is no question about them. The report makes it very clear that the purpose of the committee was to try to shift the emphasis from military aid to economic aid. This was, in a sense, a new approach, and it is perfectly obvious to anyone who reads the bill on the committee report. If the Senator does not agree, it is his privilege not to agree. It is the privilege of the Senate and of the country not to agree with our recommendations; but to characterize the action of the committee as an effort to deceive anyone, it seems to me, is most unfortunate and quite untrue.

The provision which the Senator from Louisiana called gadgets, and efforts to deceive and confuse the people are not gadgets, as I understand the word. They are simply provisions intended to emphasize economic assistance instead of military assistance.

This is a transitional bill. In this case the committee was not certain what the attitude of the Senate would be. That was also the case connection with the Development Loan Fund. We realized that the provision for a 5-year period was a new provision, and that it might not meet with favorable action. The overwhelming majority of the committee believes that this is the wise thing to do. We were not trying to deceive anyone in any respect. We were merely offering the Senate an intelligent, farsighted way to approach the problem.

The Senate and many of the public have complained about the inefficiency of the present program, so the committee thought itself justified in offering an alternative, a new approach which is designed to be more efficient. So I hope the Senate and the country will not take seriously the allegation that we are seeking to deceive anybody.

I believe the report of the committee is as plain as can be. It reveals ex-

actly what is intended by the bill, and there is not the slightest bit of deception in it. There is plenty of room for disagreement, of course. The Senator from Louisiana [Mr. ELLENDER] is quite within his rights in being opposed to the measure, as he has always been opposed to similar bills, and I do not quarrel with him for his opposition in the least. I believe his judgment is not so good or sound as I should like it to be, and as I know it is on the agriculture and conservation programs in his State and in my State. I know of no one for whose judgment I have a greater respect than that of the senior Senator from Louisiana on all agricultural subjects, but I simply beg to differ with him as to the wisdom of his views on this particular bill.

I think the basic mistake of the Senator from Louisiana is his assumption that the program in regard to the NATO countries is only for the benefit of the NATO countries. He assumes that this is a relief program to aid the NATO countries and has no effect whatever on our security. This is a basic and a fundamental defect in his argument. The facts are quite clear. There are two great countries powerful enough to mount what are called modern armaments. No other country in Western Europe could by itself begin to create an army of any kind which would be of the slightest use in repelling the Russians.

Actually the basic great struggle is one between the U.S.S.R. and the United States and what we do in the NATO countries is distinctly to our benefit, as well as to them. I do not support this bill, or advocate the aid program, on the theory that it is for the benefit primarily of the Western European countries. It is for our benefit. They are the vehicles, they help us in the struggle with the Russians, to bring our power to bear in an effort to prevent the Russians from moving into this country.

The percentages of national gross product which the Senator cites, as if they were very meaningful, are meaningless, it seems to me. The percentage of gross national product devoted to defense is of no importance whatsoever. The significant part, if there is any significance at all to the argument, is what is left to the countries after they have provided for defense.

A glance at page 175 of the committee hearings will indicate how meaningless is this comparison. The figures appearing there are for the year 1957. They are the figures used in the hearings because later figures were not finally available. They reveal a gross U.S. national product in 1957 of \$440 billion.

Compare that to the gross national product, for example, of the United Kingdom—\$61 billion—and then attempt to justify the argument that the British are in a position to devote to defense the same percentage we can afford, or anything like the same percentage. It is much less a burden on our economy to devote to defense 10 percent of \$440 billion than it is for the British to devote 7 percent of \$61 billion. What is left out of their gross national product above the bare and the absolute essentials of

livelihood, food, clothing, and means of warmth, is very little, indeed.

The standard of living in Great Britain is far lower than ours. It will be observed that the per capita income of the United Kingdom is less than one-half the per capita income of the United States. If from a poor person 10 percent of his gross income is subtracted, he suffers a terrific burden. If 10 percent is taken from a multimillionaire, he does not even notice it. That is the principle of our income taxes. It is the principle of the capacity to pay—a well-established principle in our economy. To make a great deal of the fact that we pay 10 percent of our gross national product for defense and the British only 7 percent seems to me to have no significance whatever.

Mr. President, the amendment of the Senator from Louisiana will reduce the amount proposed by the bill for military assistance by a little more than one-third, from \$1,600 million to \$1,050 million. This is the meat ax with a vengeance. There is no precise indication of how a cut of this magnitude could be absorbed without seriously impairing the defense efforts of our allies and injuriously affecting our own national security.

Admittedly, the figures in the committee bill are approximations, and it can reasonably be argued that the \$1.6 billion which the committee bill authorizes should be somewhat reduced or somewhat increased.

No one can reduce this kind of program to precise elements as is done on some of our domestic programs where the agency involved has an engineering account of the cost of building a road or a dam. However, I will remind the Senator there seemed to be considerable difficulty in arriving at what should be the proper cost of the new Senate Office Building, which was constructed under our own noses. There were many things which went astray in that appropriation on a relatively small and simple project.

This provision for military assistance is certainly not susceptible to change by anything like one-third, unless one adopts a wholly new set of premises.

The Foreign Relations Committee gave very careful consideration to this matter and made substantial changes in the administration's proposals.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield to the Senator from Ohio.

Mr. LAUSCHE. With respect to the statement just made that the proposal of the Senator from Louisiana applies a meat ax, has the Senator from Arkansas given any thought to what seems to me to be a sort of confusion which will result if the amendment of the Senator from Louisiana is adopted? The total amount allocated for military defense as shown on page 13, line 23, is \$1,600 million.

Mr. FULBRIGHT. Yes.

Mr. LAUSCHE. Then there is the proviso on line 24:

Provided, That of the funds made available pursuant to this section \$1,100,000,000 shall be available only for assistance to countries party to the North Atlantic Treaty.

The bill as written says \$1,100 million shall be available to the nations participating in the North Atlantic Treaty. The amendment of the Senator from Louisiana reduces the total amount from \$1,600 million to \$1,050 million, so the total amount will be less than the amount which has been specifically allocated to the NATO countries. I do not know whether I am sound in my thinking or whether the Senator from Louisiana has completely forgotten that by the proviso of the bill we have earmarked \$1,100 million for the NATO nations.

Mr. FULBRIGHT. The Senator from Louisiana I believe ignores that, and I think he disproves that action of the committee. He referred to the action of the committee in transferring \$223 million additional to the NATO countries. He complains about assistance to the NATO countries on the ground they are able to do it themselves, and so on, and we should not give anything to them. I think he probably would not object to providing nothing for the NATO countries. That is what I meant when I said this amendment is a meat ax approach. He wishes to cut \$500 million out of the total and leave it up to the Senate to act further on it or the administration to absorb it.

The Senator complains vigorously of the action of the committee in transferring the additional \$223 million to the NATO countries. I think it was a wise step on the part of the committee. The NATO countries are far more prosperous than they were at the time of the Marshall plan. I do not think we should complain of that. The Marshall plan was intended to restore their economic strength. It succeeded, and there they are, all of them, now moving along in a fairly satisfactory way economically.

They do spend a great deal of their own funds, as the Senator has already said. It is not as large a percentage of their gross national product, but I maintain, with regard to their percentage, that it is certainly as burdensome a percentage as is our own, and they have made a real contribution to some aspects of their defense. The part which they are unable to do, particularly, relates to the modern nuclear weapons, which are extremely expensive. In fact, only one of the countries has the capacity to produce that particular kind of weapon and some of the more advanced ballistic missiles, and the like, which are within our capacity to manufacture, but which I believe are not in the capacity of any of the smaller countries.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. AIKEN. I think one point ought to be made clear. We do not regard the allocation of the additional \$225 million to NATO countries as being a contribution by the United States to do the whole job. The other NATO countries also are expected to step up their own contributions correspondingly.

Mr. FULBRIGHT. I agree with that statement. The main point is that the NATO countries are sufficiently advanced so that they can utilize modern weapons. Thus the United States gets more actual military power from the

total money which goes to those countries that it does from the money which goes to underdeveloped countries, which are incapable of servicing and of utilizing the most modern weapons.

This particular amount was recommended to be greatly increased by the Draper Committee, appointed by the President last year. That committee recommended that \$400 million additional be authorized for NATO, in addition to the \$1,600 million which was proposed by the administration. We did not go the whole way—we did not increase the overall amount—but we did, in a sense, follow the spirit of that report by allocating an additional \$223 million to NATO nations.

The PRESIDING OFFICER. The time which the Senator from Arkansas yielded himself has expired.

Mr. FULBRIGHT. How much time have I remaining?

The PRESIDING OFFICER. The Senator has 10 minutes remaining.

Mr. FULBRIGHT. I yield myself 5 more minutes. Does any other Senator wish to speak on my time? If not, I yield myself 5 minutes more.

I think those are the principal points. In my opinion, the Senator from Louisiana has proposed much too great a cut. It is true that no one can specifically say with justice what the exact amount should be, but \$1,600 million represents the combined judgment of officials of the administration, including the Joint Chiefs of Staff and the State Department. So the whole administration, including the military and civilian branches, recommended this figure as the proper amount.

The committee adopted the overall amount. The only real change made by the committee in this item was the allocation of \$223 million more to NATO countries. That increase was influenced by the report of the Draper Committee, a committee created at the instance of the Committee on Foreign Relations, but actually appointed by the President. I think the best professional judgment which our Government affords on an item of this kind is in agreement that this amount should not be reduced.

I hope the Senate will not reduce this item in any such drastic amount. I think that to do so would cripple the total program to the point where it would be virtually unmanageable. There are certain commitments which have been made. I remind the Senator from Louisiana and other Senators that in the area of Taiwan, Vietnam, and Korea we are inescapably committed, and have been for a long time, to certain defense obligations. The total amount committed, in those three areas, is something more than \$400 million.

If the Senate is to reduce the amount by as much as is proposed by the Senator from Louisiana, I should say that the reduction necessarily and largely would have to come out of NATO funds, because the NATO area is, in the opinion of the administration and the Draper committee, the area in which the United States gets the most effective and significant military force vis-a-vis the Russians.

I think that to adopt the amendment of the Senator from Louisiana would be an improvident action on the part of the Senate.

If any other Senator wishes me to yield time to him, I will do so. If not, I will yield back the remainder of my time.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LAUSCHE. I point out that if the amendment of the Senator from Louisiana is adopted, it will require, mandatorily, the adoption of other amendments in order to make the language of the entire section consistent. In other words, the Senator from Louisiana says now that if this amendment is adopted, he will then expect the Senate to adopt other amendments to make the language compatible.

The question which the Senator from Kentucky [Mr. COOPER] asked has a relationship to what I am now pointing out. It is not within the discretion of the administration to determine how the funds shall be allocated. The bill provides that \$1,100 million shall be allocated to NATO. While the bill provides \$1,100 million for NATO, the amendment of the Senator from Louisiana provides that the amount shall be only \$1,050 million, leaving nothing for any other place.

Mr. FULBRIGHT. The amendment has not been adopted as yet. I do not think it will be. If it should be adopted, then we will have to deal with that feature. But I think it is premature to bother about that matter until we see what the will of the Senate is on the overall amount.

Mr. LAUSCHE. The point I am trying to make is that the Senator from Louisiana has offered an amendment which will be sound only on condition that other amendments are agreed to.

Mr. FULBRIGHT. I do not think it will be sound at all, whatever happens. But if, by chance, the amendment should be adopted, then it will be necessary to deal with the point which the Senator makes.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, on the question of agreeing to my amendment, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of the time under my control.

The PRESIDING OFFICER. All time on the pending amendment has either been used or has been yielded back.

The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER] to the committee amendment.

On this question the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Louisiana [Mr. LONG], and the Senator from Minnesota [Mr. McCARTHY] are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that, if present and voting, the Senator from Minnesota [Mr. McCARTHY] would vote "nay."

On this vote, the Senator from Massachusetts [Mr. KENNEDY] is paired with the Senator from Louisiana [Mr. LONG]. If present and voting, the Senator from Massachusetts would vote "nay," and the Senator from Louisiana would vote "yea."

The result was announced—yeas 38, nays 55, as follows:

YEAS—38

Bartlett	Goldwater	Moss
Bible	Gruening	Proxmire
Byrd, Va.	Hart	Robertson
Cannon	Hruska	Russell
Chavez	Johnston, S.C.	Schoeppel
Cooper	Jordan	Smathers
Curtis	Kerr	Stennis
Dworschak	Langer	Talmadge
Eastland	McClellan	Thurmond
Ellender	Magnuson	Williams, Del.
Engle	Mansfield	Young, N. Dak.
Ervin	Monroney	Young, Ohio
Frear	Morse	

NAYS—55

Alken	Fulbright	Martin
Allott	Gore	Morton
Beall	Green	Mundt
Bennett	Hartke	Murray
Bridges	Hayden	Muskie
Bush	Hennings	Neuberger
Butler	Hickenlooper	Pastore
Byrd, W. Va.	Hill	Prouty
Capehart	Holland	Randolph
Carlson	Humphrey	Saltonstall
Carroll	Jackson	Scott
Case, N.J.	Javits	Smith
Case, S. Dak.	Johnson, Tex.	Sparkman
Church	Keating	Symington
Clark	Kefauver	Wiley
Cotton	Kuchel	Williams, N.J.
Dirksen	Lausche	Yarborough
Dodd	McGee	
Douglas	McNamara	

NOT VOTING—5

Anderson	Long	O'Mahoney
Kennedy	McCarthy	

So Mr. ELLENDER's amendment to the committee amendment was rejected.

AMENDMENT OF CLAYTON ACT, RELATING TO MORE EXPEDITIOUS ENFORCEMENT OF CEASE AND DESIST ORDERS ISSUED THEREUNDER

Mr. ELLENDER obtained the floor.

Mr. KEFAUVER. Mr. President, will the Senator yield for a privileged matter?

Mr. ELLENDER. Very well.

The PRESIDING OFFICER. How much time does the Senator from Louisiana yield to the Senator from Tennessee?

Mr. ELLENDER. One minute.

Mr. KEFAUVER. Mr. President, there is at the desk awaiting action the amendment of the House of Representa-

tives to S. 726, a bill to amend section 11 of the Clayton Act to provide for the more expeditious enforcement of cease and desist orders issued thereunder.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 726) to amend section 11 of the Clayton Act to provide for the more expeditious enforcement of cease and desist orders issued thereunder, and for other purposes, which was, to strike out all after the enacting clause and insert:

That (a) the first and second paragraphs of section 11 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (38 Stat. 734, as amended; 15 U.S.C. 21), are hereby redesignated as subsections (a) and (b) of such section, respectively.

(b) The last sentence of the second paragraph of such section which has been hereby redesignated as subsection (b) is amended to read as follows: "Until the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time, or, if a petition for review has been filed within such time then until the record in the proceeding has been filed in a court of appeals of the United States, as hereinafter provided, the commission or board may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section. After the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time, the commission or board may at any time, after notice and opportunity for hearing, reopen and alter, modify, or set aside, in whole or in part, any report or order made or issued by it under this section, whenever in the opinion of the commission or board conditions of fact or of law have so changed as to require such action or if the public interest shall so require: *Provided, however,* That the said person may, within sixty days after service upon him or it of said report or order entered after such a reopening, obtain a review thereof in the appropriate court of appeals of the United States, in the manner provided in subsection (c) of this section."

(c) The third, fourth, fifth, sixth, and seventh paragraphs of such section are amended to read as follows:

"(c) Any person required by such order of the commission or board to cease and desist from any such violation may obtain a review of such order in the court of appeals of the United States for any circuit within which such violation occurred or within which such person resides or carries on business, by filing in the court, within sixty days after the date of the service of such order, a written petition praying that the order of the commission or board be set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the commission or board, and thereupon the commission or board shall file in the court the record in the proceeding, as provided in section 2112 of title 28, United States Code. Upon such filing of the petition the court shall have jurisdiction of the proceeding and of the question determined therein concurrently with the commission or board until the filing of the record, and shall have power to make and enter a decree affirming, modifying, or setting aside the order of the commission or board, and enforcing the same to the extent that such order is affirmed, and to issue such writs as are ancillary to its jurisdiction or are necessary in its judgment to prevent injury to the public or to competitors pendente lite. The findings of the commission or board as to the facts, if sup-

ported by substantial evidence, shall be conclusive. To the extent that the order of the commission or board is affirmed, the court shall issue its own order commanding obedience to the terms of such order of the commission or board. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the commission or board, the court may order such additional evidence to be taken before the commission or board, and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The commission or board may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and shall file such modified or new findings, which, if supported by substantial evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of its original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 1254 of title 28 of the United States Code.

"(d) Upon the filing of the record with it the jurisdiction of the court of appeals to affirm, enforce, modify, or set aside orders of the commission or board shall be exclusive.

"(e) Such proceedings in the court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the commission or board or judgment of the court to enforce the same shall in anywise relieve or absolve any person from any liability under the antitrust laws.

"(f) Complaints, orders, and other processes of the commission or board under this section may be served by anyone duly authorized by the commission or board, either (1) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other, or other executive officer or a director of the corporation to be served; or (2) by leaving a copy thereof at the residence or the principal office or place of business of such person; or (3) by mailing by registered or certified mail a copy thereof addressed to such person at his or its residence or principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth time manner of said service shall be proof of the same, and the return post office receipt for said complaint, order, or other process mailed by registered or certified mail as aforesaid shall be proof of the service of the same.

"(g) Any order issued under subsection (b) shall become final—

"(1) upon the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time; but the commission or board may thereafter modify or set aside its order to the extent provided in the last sentence of subsection (b); or

"(2) upon the expiration of the time allowed for filing a petition for certiorari, if the order of the commission or board has been affirmed, or the petition for review has been dismissed by the court of appeals, and no petition for certiorari has been duly filed; or

"(3) upon the denial of a petition for certiorari, if the order of the commission or board has been affirmed or the petition for review has been dismissed by the court of appeals; or

"(4) upon the expiration of thirty days from the date of issuance of the mandate of the Supreme Court, if such Court directs

that the order of the commission or board be affirmed or the petition for review be dismissed.

"(h) If the Supreme Court directs that the order of the commission or board be modified or set aside, the order of the commission or board rendered in accordance with the mandate of the Supreme Court shall become final upon the expiration of thirty days from the time it was rendered, unless within such thirty days either party has instituted proceedings to have such order corrected to accord with the mandate, in which event the order of the commission or board shall become final when so corrected.

"(i) If the order of the commission or board is modified or set aside by the court of appeals, and if (1) the time allowed for filing a petition for certiorari has expired and no such petition has been duly filed, or (2) the petition for certiorari has been denied, or (3) the decision of the court has been affirmed by the Supreme Court, then the order of the commission or board rendered in accordance with the mandate of the court of appeals shall become final on the expiration of thirty days from the time such order of the commission or board was rendered, unless within such thirty days either party has instituted proceedings to have such order corrected so that it will accord with the mandate, in which event the order of the commission or board shall become final when so corrected.

"(j) If the Supreme Court orders a rehearing; or if the case is remanded by the court of appeals to the commission or board for a rehearing, and if (1) the time allowed for filing a petition for certiorari has expired, and no such petition has been duly filed, or (2) the petition for certiorari has been denied, or (3) the decision of the court has been affirmed by the Supreme Court, then the order of the commission or board rendered upon such rehearing shall become final in the same manner as though no prior order of the commission or board had been rendered.

"(k) As used in this section the term 'mandate', in case a mandate has been recalled prior to the expiration of thirty days from the date of issuance thereof, means the final mandate.

"(l) Any person who violates any order issued by the commission or board under subsection (b) after such order has become final, and while such order is in effect, shall forfeit and pay to the United States a civil penalty of not more than \$5,000 for each violation, which shall accrue to the United States and may be recovered in a civil action brought by the United States. Each separate violation of any such order shall be a separate offense, except that in the case of a violation through continuing failure or neglect to obey a final order of the commission or board each day of continuance of such failure or neglect shall be deemed a separate offense."

SEC. 2. The amendments made by section 1 shall have no application to any proceeding initiated before the date of enactment of this Act under the third or fourth paragraph of section 11 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (38 Stat. 734, as amended; 15 U.S.C. 21). Each such proceeding shall be governed by the provisions of such section as they existed on the day preceding the date of enactment of this Act.

Mr. KEFAUVER. Mr. President, the House of Representatives yesterday passed S. 726, with an amendment.

Earlier in the day I explained to the Senate the nature of the amendment made by the House of Representatives and pointed out that the amendment was in the nature of a perfecting amendment.

Mr. President, in view of the fact that the House amendment is merely perfecting and not substantive, I move that the Senate concur in the House amendment to S. 726.

Mr. President, I ask unanimous consent that the time taken to explain and act on this matter not be taken out of the time of the Senator from Louisiana.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion of the Senator from Tennessee that the Senate concur in the amendment of the House to S. 726.

The motion was agreed to.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. ELLENDER. Mr. President, I send to the desk an amendment, and ask to have it stated.

The PRESIDING OFFICER (Mr. MUSKIE in the chair). The amendment to the committee amendment offered by the Senator from Louisiana will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 13, line 23, to strike out "\$1,600,000,000" and insert in lieu thereof "\$1,300,000,000".

Mr. ELLENDER. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 10 minutes.

Mr. ELLENDER. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, this amendment would reduce military assistance in the pending bill by \$300 million, instead of by \$550 million, as provided in my amendment which the Senate just rejected.

I wish to say that should the pending amendment be adopted, I shall propose other amendments which would prevent the transfer of military assistance funds to economic aid. This is in answer to the question raised by the distinguished Senator from Ohio a moment ago.

If the Senator had adopted the reduction of \$550 million, which I had proposed, I would have followed that action by offering my amendment identified as 7-1-59-Q, which would have prevented the transfer of \$320 million from military aid funds to NATO nations. I would also have followed that action by introduction of my amendment identified as 7-1-59-P, which would prevent the transfer of \$31,500,000 from the amount earmarked for South America from military assistance funds to a fund for the formation of a police force in South America. If perchance the police force should not be formed, the funds would go to economic aid.

Mr. President, in addition to the amendments to which I have just referred, I also planned to send to the desk an amendment which would prevent the transfer of 30 percent of military assistance funds to economic aid.

So, Mr. President, if the Senate adopts my pending amendment to reduce the total amount authorized for military as-

sistance from \$1.6 billion to \$1.3 billion I intend to offer these three other amendments. However, the full effect of adoption of all these amendments would be to limit military assistance to \$1,300 million, and no transfers will be permitted from military assistance to economic aid.

Unless there is any Senator who wishes to question me about the amendment, Mr. President, I am ready to vote on the issue.

The PRESIDING OFFICER. Does the Senator from Louisiana yield back his remaining time?

Mr. ELLENDER. I yield back any time I have remaining.

Mr. FULBRIGHT. Mr. President, I shall take only a minute. We have already made the argument, on the last amendment. There is nothing different except the amount.

The Senators who heard the argument, some three or four who were present in the Chamber, are aware of the situation. The other Senators can take advice from whomever they choose.

I am opposed to the amendment. The committee considered this type of amendment and, as Senators know from reading the report, we opposed it. The administration would oppose it. I hope the Senate will not adopt it.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from Louisiana to the committee amendment.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Louisiana [Mr. LONG], and the Senator from Minnesota [Mr. MCCARTHY] are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

On this vote, the Senator from Massachusetts [Mr. KENNEDY] is paired with the Senator from Louisiana [Mr. LONG]. If present and voting, the Senator from Massachusetts would vote "nay" and the Senator from Louisiana would vote "yea."

I further announce that, if present and voting, the Senator from Minnesota [Mr. MCCARTHY] would vote "yea."

The result was announced—yeas 52, nays 41, as follows:

YEAS—52

Bartlett	Gore	Moss
Bible	Gruening	Mundt
Butler	Hart	Murray
Byrd, Va.	Hill	Proxmire
Byrd, W. Va.	Holland	Randolph
Cannon	Hruska	Robertson
Case, S. Dak.	Humphrey	Russell
Chavez	Johnston, S.C.	Schoeppel
Church	Jordan	Smathers
Cooper	Kefauver	Stennis
Curtis	Kerr	Talmadge
Dworshak	Langer	Thurmond
Eastland	McClellan	Williams, Del.
Ellender	McGee	Yarborough
Engle	Magnuson	Young, N. Dak.
Ervin	Mansfield	Young, Ohio
Frear	Monroney	
Goldwater	Morse	

NAYS—41

Aiken	Douglas	Martin
Allott	Fulbright	Morton
Beall	Green	Muskie
Bennett	Hartke	Neuberger
Bridges	Hayden	Pastore
Bush	Hennings	Prouty
Capehart	Hickenlooper	Saltonstall
Carlson	Jackson	Scott
Carroll	Javits	Smith
Case, N.J.	Johnson, Tex.	Sparkman
Clark	Keating	Symington
Cotton	Kuchel	Wiley
Dirksen	Lausche	Williams, N.J.
Dodd	McNamara	

NOT VOTING—5

Anderson	Long	O'Mahoney
Kennedy	McCarthy	

So Mr. ELLENDER's amendment to the committee amendment was agreed to.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment to the amendment was agreed to.

Mr. ROBERTSON. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

Mr. ELLENDER. Mr. President, I offer the amendment which I send to the desk and ask to have stated. It is designated "7-1-59-Q."

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana to the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 13, beginning on line 24 in the committee amendment, it is proposed to strike out the colon and all that follows to period on page 14, line 4.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. Is the effect of this amendment to remove the transfer of any additional funds for NATO, as provided in the bill?

Mr. ELLENDER. The Senator is correct.

Mr. FULBRIGHT. In view of the fact that the amount for military assistance has been reduced to \$1,300 million from \$1,600 million, would the Senator be willing to reduce the funds provided for in the proviso by the same percentage?

Mr. ELLENDER. I am willing to accept that modification. I modify my amendment so as to strike out, on page 14, line 1, "\$1,100,000,000" and insert "\$893,750,000."

Mr. FULBRIGHT. I am willing to accept the amendment on that basis, if the same percentage is retained.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. ELLENDER. Mr. President, I yield back the remainder of my time.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of the time under my control.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana, as modified, to the committee amendment.

The modified amendment to the amendment was agreed to.

Mr. ELLENDER. Mr. President, I offer the amendment which I send to the desk and ask to have stated. It is designated "7-1-59-V."

The PRESIDING OFFICER. The amendment offered by the Senator from

Louisiana to the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 16, line 6, in the committee amendment, it is proposed to strike out "\$835,000,000" and insert in lieu thereof "\$600,000,000."

Mr. ELLENDER. Mr. President, the bill as reported by the Senate Foreign Relations Committee authorizes \$835 million for defense support for fiscal year 1960. This is the same amount that was authorized by the committee last year, but is \$85 million more than the amount appropriated by Congress for the current fiscal year for this purpose.

Now, Mr. President, defense support is economic assistance, pure and simple. As the Committee on Foreign Relations points out on page 13 of its report:

It is the purpose of defense support to help them (that is, underdeveloped countries) bear the economic burdens of their military efforts.

Earlier today, I referred to the fact that military assistance originally programmed under the President's request for so-called "underdeveloped countries" would be reduced under the committee amendment by \$223 million. The Senate has just agreed to my amendment which would reduce the total in proportion to the reduction in overall military assistance from \$1.6 billion to \$1.3 billion. This is the amount which is proposed to be shifted to NATO Europe.

Despite this shift of military assistance funds from the Near East, Africa, Southeast Asia, and the Far East, the committee has not recommended any reduction in defense support for countries in those areas.

It strikes me that if, indeed, the purpose of defense support is to help countries in which we support military forces to maintain those forces, then defense support assistance should certainly be reduced if the level of military assistance is reduced. Furthermore, I wish to inform Senators that the old hackneyed arguments about defense support being the very life blood of economic stability to a number of countries is in my judgment, nothing but "buncombe."

I cannot give the complete country-by-country breakdown of proposed defense support assistance at this time, since the amounts are classified. They are secret; but I have a tabulation available on my desk in case Senators would like to see it.

However, I can say that Korea is probably the largest single recipient of defense support assistance.

In any event, when I have offered amendments in the past to reduce defense support quite a few of my colleagues have cried great crocodile tears. They have said reductions in defense support would disastrously weaken such nations as South Korea, Formosa, and others.

They have led the Senate to believe that every dollar of defense support is sacred—that the amounts are untouchable.

Again, Mr. President, this is more of the same "buncombe" and I will proceed to tell Senators why.

Not too many months ago, a member of my staff discovered an ad in the clas-

sified advertising section of the Wall Street Journal, offering employment to an individual familiar with stock market procedures. Persons believing themselves qualified were urged to contact the International Cooperation Administration.

Mr. President, I ask unanimous consent to have inserted in the RECORD at this point a copy of this advertisement.

There being no objection, the advertisement was ordered to be printed in the RECORD, as follows:

Specialist experienced in regulative, technical and promotional aspects of stock exchange operation needed to advise officials of stock exchange in Far Eastern country, under bilateral government program. For information please contact the Chief of Employment, Box WS-1, International Cooperation Administration, Washington 25, D.C.

Mr. ELLENDER. Now, Mr. President, the prospect of ICA advertising in the Wall Street Journal for stock experts somewhat piqued my curiosity and I did a little investigating. Here is what I found: The advertisement sought a stock exchange expert for a job in Korea. ICA said that this position had been established under the provisions of the Mutual Security Act of 1954, as amended, with the hope that hiring a stock broker, or a stock exchange expert, would encourage private enterprise in the Republic of Korea as a byproduct of facilitating investments by local Koreans.

Now, Mr. President, we have poured millions upon millions of dollars into the Korean economy. The Mutual Security Act states that aid made available under its terms should be used in such a manner as to stimulate the development of free enterprise. Yet, as I have told Senators in the past, in Korea we have actually been fostering socialism. We have built state-owned factory after state-owned factory. Apparently, things have gotten so bad that ICA has found it necessary to use these sacred, untouchable defense support dollars in order to hire an expert on Wall Street practices and procedures as a means of inducing Koreans to accept the private enterprise system.

Of course, if such a program is established I doubt seriously that the average Korean, working barefoot in a rice paddy, will find it possible to invest heavily in enterprises in his own country. On the contrary, it strikes me that this is just one more move designed to make possible further enrichment of a select few.

There is another little "defense support" program in Korea that I have referred to in the past. Senators may recall that last year I offered an amendment to delete the so-called Korean Housing Authority. Unfortunately, I failed, and I warned Senators at the time that I feared this program was going to grow and grow and grow. If Senators will look on page 37 of the report of the Senate Committee on Foreign Relations they will discover just that has happened.

Mr. President, section 401(g)2 of the pending bill proposes to use some \$26 million to \$27.75 million of the sacred, untouchable, anti-Communist, anti-Red

China, defense support dollars provided in this bill, to build housing and offices and other such installations for ICA employees in Korea.

In other words, this would direct ICA to use nearly \$30 million in defense support funds earmarked for Korea, to build office buildings and homes for ICA employees. Just how this proposal will strengthen the Republic of Korea divisions which man the truce line in that country is beyond me.

Furthermore, Mr. President, much of the defense support aid contained in this bill, even if it all were found necessary, could be financed from other sources. On page 13 of the committee report is found a breakdown of some \$673.8 million of defense support money proposed to be used to purchase commodities. Senators will find that \$120 million of this sum is earmarked for the purchase of surplus agricultural commodities. These commodities, it seems to me, if they are needed, could and should be made available under Public Law 480, the Surplus Disposal Act.

By the way, Public Law 480 will be extended, and we shall have an opportunity to save this \$120 million. We could use the regular Public Law 480 machinery to make available to Koreans the food and fiber necessary to maintain their army. If this were done, then, immediately, a cut of \$120 million could be made in proposed dollar expenditures. This would mean that instead of Uncle Sam having to go into the market place and borrow \$120 million at high interest rates to give away for defense support, the same assistance could be provided under Public Law 480.

Mr. President, I do not desire to take up all of the Senate's time on this particular point, but I do believe that the factors as outlined demonstrate the committee's recommendations for defense support are excessive—grossly excessive—and that they can be reduced.

However, there are other compelling reasons which justify a cut in defense support. Senators will recall that when the Development Loan Fund was first proposed its proponents stated that the Fund would be used in such a way as to shift the present emphasis of the foreign aid program from grants to loans.

As a matter of fact, back in 1957, when the Development Loan Fund was first set up, it was hailed as a means of ending almost all economic grant aid, and putting such assistance on a loan basis.

I quote from page 12 of the report of the Senate Committee on Foreign Relations on the Mutual Security Act of 1957, Senate Report 417 of the 85th Congress, first session:

The committee is assured by the executive branch that the Development Loan Fund is designed to centralize in a single title of the Mutual Security Act almost all economic assistance for development purposes. Exceptions are technical cooperation and certain projects which may be provided under special assistance. The committee cannot emphasize too strongly the importance of centralizing development aid in the Fund and placing it on a reimbursable basis. One of the principal shortcomings of the previous legislation, as the report of the Special Committee To Study the Foreign Aid Program noted, was the scattering of economic de-

velopment aid in the category of defense support and other titles of the act and the provision of such aid on both a grant and loan basis without clear criteria for the one or the other. This confusion made it extremely difficult to evaluate intelligently specific parts of the foreign aid program. The committee is assured by the executive branch that this practice will now be ended.

That has not happened. According to my figures, as the Development Loan Fund loans have increased, other categories of aid have increased as well.

Mr. President, I ask that exhibit K showing "Comparisons, Development Loan Fund Assistance and Defense Support Economic Grant Assistance" be placed in the RECORD at this point.

There being no objection, the exhibit was ordered to be printed in the RECORD, as follows:

EXHIBIT K

Comparisons, Development Loan Fund assistance and defense support economic grant assistance by fiscal years

[In thousands of dollars]

Fiscal year	Appropriations	
	Defense support	Development Loan Fund
1958.....	689,000	300,000
1959.....	750,000	1,550,000
1960.....	835,000	700,000

¹ Includes 150,000 appropriated in 2d supplemental appropriations bill.

² Requested.

³ Based on administration request. House bill increases the amount to \$800,000,000; Senate bill provides financing by direct Treasury loans, and accumulation of foreign currency loan repayments.

Mr. ELLENDER. Mr. President, as a result of the action taken by the Senate last Thursday, the Development Loan Fund would be authorized to obtain appropriations of \$1.3 billion more than the President requested.

If the Senate's action is upheld, the Development Loan Fund will be authorized to obtain appropriations for \$750 million during fiscal 1960—which is \$50 million more than the President requested for this fiscal year—and \$1.250 billion for the next fiscal year.

Mr. President, it strikes me that because of the action taken by the Senate on Thursday, we should be able to make sizable deductions in economic assistance grant programs, since the administration's request for grant assistance was based on receiving authorization for the Development Loan Fund of only \$700 million this fiscal year.

Actually, economic grant assistance, which is incorporated in the categories of defense support, special assistance and the contingency fund, is continuing to rise notwithstanding vast increases in the Development Loan Fund's assets.

I hold in my hand a table entitled "Military and Economic Assistance to Countries Which Have Obtained or Applied for Loans from the Development Loan Fund," covering fiscal 1958 through fiscal 1960.

The table reveals that there are some 49 countries which fall into this category.

I should like to have this entire exhibit placed in the RECORD at this point, but, however, I am precluded from do-

ing so because much of the data contained therein has been given a "secret" classification.

Therefore, Mr. President, I am going to read the totals—which have not been labeled "secret"—which appear in this compilation to illustrate my point.

In fiscal year 1958, these countries received economic grant assistance totaling \$944 million. I might point out that 1958 was the first year in which the Development Loan Fund came into operation.

In fiscal year 1959, 1 year after the operations of the Development Loan Fund had had some opportunity to take effect, the economic grant assistance to these countries increased to \$1,050 million, an increase of \$106 million over the previous year.

For fiscal year 1960, under terms of the present bill, these same countries are scheduled to receive economic grant assistance totaling \$1.1 billion, another increase of \$50 million over the previous year.

In my humble judgment, it is very clear that while we continue to increase the Development Loan Fund's assets, we are still being asked to raise the very item which the Development Loan Fund was to eventually replace: economic grant assistance.

I think it is high time for the Senate to consider what it is doing and to start making reductions in these programs.

I am certain that the cut of \$235 million which I am proposing will not hurt the program because, as I said before, we are providing millions of dollars to be loaned to those countries. Since the purpose of the Development Loan Fund was to take the place of economic aid, let us make that Fund work. Let us reduce the amount in the economic aid provision of the bill, since we have increased the amount of the Development Loan Fund.

Mr. President, on this amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. FULBRIGHT. Mr. President, I yield myself 10 minutes.

The argument made by the Senator from Louisiana that 2 years ago it was intended that the grant assistance for defense support should be shifted to the Development Loan Fund was, at that time, sound. As a matter of fact, that was intended by the committee's bill this year. But the Senate having already emasculated the Development Loan Fund, that argument, it seems to me, is inapplicable.

Congress has never appropriated or made available to the Development Loan Fund the amount which it was contemplated would be made available in 1957. As will be recalled, the provision for the borrowing authority at that time was lost in conference. This year the Senate has rejected that approach and has approved an authorization for an appropriation. Any Senator who has been a Member of this body for a considerable length of time knows that a very long, hard trail will have to be followed before any appropriation will ever be made which will be comparable to the demands under the defense support program. So I

think the argument of the Senator from Louisiana is certainly not applicable.

I call attention to page 13 of the committee report, which sets forth the purpose of this particular item. The fact that a cut has been made in military assistance bears no particular relationship to this item. The deduction between the military assistance and the defense support is quite clear. Defense support is essentially for the very poor, underdeveloped countries, and those which we have defense agreements. It will be noticed that only 12 countries are involved. None of the support goes to the western European NATO countries, which are the principal ones to which a large part of the military assistance goes. Defense support funds are allocated to Spain, Greece, Iran, Pakistan, Turkey, Cambodia, China—Taiwan—Korea, Laos, the Philippines, Thailand, and Vietnam.

All these countries are characterized by economic underdevelopment and by economic problems which are aggravated by the maintenance of military forces.

It is the purpose of defense support to help these countries bear the economic burdens of their military efforts. Of the total amount authorized, it is proposed to use \$719 million to finance commodity imports, cash transactions, and other non-project assistance. The balance of \$116 million is planned for specific economic projects.

The commodity imports will amount to \$673,840,000, as follows: Surplus agricultural commodities, \$120 million; other agricultural commodities, \$58,325,000; raw materials and fuels, \$288,880,000; machinery and equipment, \$152,875,000; other industrial commodities, \$53,760,000.

In other words, the item of grant aid for defense support is essentially to support the underdeveloped countries, such as those I have mentioned, in order to enable them to make a contribution to the overall defense of the Western world. Several of those countries are directly under the gun, so far as Russia and China are concerned; namely, Korea, Taiwan, Greece, and Turkey, especially.

I think the Senate ought to be very careful, indeed, if it is serious about maintaining an effective defense against the expansion of Russia and her satellite empire. Again, there is no way in which one can say that the precise amount which the committee has recommended is the only possible amount which can be spent. The estimate of \$835 million is the administration's best estimate. We believe the hearings support the reasonableness of that estimate. We believe this amount will make a major contribution to the stability of the defenses of the Western world, and particularly our own defenses.

I do not see any excuse for so large a cut to be made in this item. Percentage-wise, it is, I believe, an even greater cut than the cut in military assistance. It is \$235 million out of \$835 million as against \$300 million out of \$1,600 million. In many respects, I believe this item is more important. The committee is seeking to recognize what I believe to be the fact; namely, the Soviet shift to

the economic field of the competition. Russia, I think, clearly senses that the developments in southeast Asia and in Africa are extremely important; therefore, Russia is moving into this field—the very field this amendment would jeopardize.

This is the grant portion of the overall economic program, which is a part of our mutual assistance program. I think it would be a great mistake to impose so large a cut. The proposed cut is much larger than it ought to be. I do not believe any cut is justified if one contemplates the very difficult situations which we encountered last year.

I need not remind the Senate of the difficulties we had in Taiwan; of the difficulties we still have in the Middle East; of developments in Iraq, which is very close to Turkey; and of the strain which is put on Turkey, Iraq, and Pakistan. I do not think it is necessary to recall those events. All of us are aware of them; and it is the responsibility of each one of us to form our own judgment as to the wisdom of this program.

Mr. LAUSCHE. Mr. President, will the Senator from Arkansas yield 10 minutes to me?

Mr. FULBRIGHT. Mr. President, how much time remains under my control?

The PRESIDING OFFICER. Twenty-four minutes.

Mr. FULBRIGHT. I yield 10 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 10 minutes.

Mr. LAUSCHE. Mr. President, I believe I would be remiss in the performance of my duty as a Senator and my duty as a citizen unless at this time I express my views on the pending amendment.

It is easy enough to vote against this program. No other measure which has come before the Senate at this session so easily commands a negative vote. But at the same time, in my opinion, no bill which has come before the Senate this year has greater significance to the security of our country than the pending mutual aid bill.

Mr. President, if I wished to do the politically expedient thing, if I wished to build up political advantages, I would vote against the pending bill.

On the other hand, if I wish to serve my country and if I wish to sleep in peace at night and if I wish in the future to pay tribute to the fallen Americans who have given their lives for their country, I must vote against amendments which contemplate the destruction of this program.

Certainly it can easily be argued that we are sending funds to Korea and to South Vietnam, to Turkey, and to Greece, but we are not doing as much as some wish to have done in regard to programs here at home.

I say to the Senate that if we move in the direction contemplated by the pending amendment—as seems to be indicated this afternoon—the time may come when we shall not have a chance to do anything for our own.

Taiwan has 600,000 men under arms. Korea has 600,000. The defense assistance program contemplates giving those

nations some funds with which to man and equip and feed and house those troops.

I say to the Senator from Louisiana that if those who favor making a saving by reducing this program by \$235 million have their way, they will find that they have been penny wise and pound foolish, for every soldier we cause to be taken out of the army of South Vietnam or of Korean or of Taiwan will have to be replaced, in effect, by that many more men under arms in this country.

I say to the young men of the United States between the ages of 13 and 18 that if the Senate votes for this amendment to the mutual aid bill, they will be put in the pathway of quicker entry into the military forces.

It is rather sacrilegious and base to argue as I am arguing now; but I am stating the truth.

I realize that some Members will vote against this program because there seems to be some lack of acceptance of it.

Let me summarize by saying that President Truman supports the program, President Eisenhower supports it; every top man in the Department of State and every top man in the Department of Defense gives support to it.

Let me also say that almost every economic agency whose representatives appeared before us—the American Federation of Labor-CIO, the American Farm Bureau Federation, the Grange—which supports the bill in modified form—the American Association of University Women, the Americans for Democratic Action, the American Veterans Committee, the Chamber of Commerce of the United States, the Citizens Foreign Aid Committee, the Committee for International Economic Growth, the Cooperative League of the U.S.A., the Friends Committee on National Legislation, the League of Women Voters, the National Farmers Union, the United Automobile Workers, and other groups have given support to the program. Time and again in the hearings, officers in the military branch and officials of the State Department said, "It would be tragic to cut down this program."

The other day, when in committee I voted for this measure, except for the back-door method of financing, and also when in this Chamber I voted against that method, I believed the program was at rock bottom. Senators may play with our country's defenses if they wish to do so; Senators may obtain a political advantage by voting against this program. There may be many Members who regard the program in that way. But I will not do it, even though the result is to bring me to political oblivion.

I am going to make certain that my country will be in the strongest possible posture militarily to cope with the menace which hangs over us. I will not speak against the Communists, in one breath, and in the next breath vote to weaken my country in the fight which must be made against the Communists.

Mr. MORSE. Mr. President, will the Senator from Louisiana yield 5 minutes to me?

Mr. ELLENDER. I yield 5 minutes to the senior Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 5 minutes.

Mr. MORSE. Mr. President, I rise to make a few observations in regard to the speech made a moment ago by the Senator from Ohio [Mr. LAUSCHE]. I am very fond of the Senator from Ohio, and I have great respect for his intellectual honesty and his sincerity of purpose. However, I regret that in the speech he concluded a moment ago, on the floor of the Senate, there was a clear implication, if not an outright accusation, that those of us who do not agree with him on this particular measure are following a course of expediency and a course of playing politics with the defenses of our country.

Let me say to my friend, the Senator from Ohio, that I do not yield to him or to any other Member of this body in my devotion to and my dedication to doing what I consider to be necessary in order to keep my country secure.

I disagree with the Senator from Ohio when he states that if we are to maintain the security of our Nation we must vote for the provisions of the pending bill; and I disagree with the Senator from Ohio when he states that the pending bill, in its present form, as it came to us from the administration, should be passed by the Senate without change. I, too, listened to the witnesses who testified before the Foreign Relations Committee, and I participated in the discussions on the bill in that committee. Let me say that there are Members who voted to have the committee report the bill, who agree that the bill contains a considerable amount of "water," particularly in the appropriation authorizations for military assistance and defense support.

Again I ask the Senator from Ohio—this time on the floor of the Senate; I previously asked the question in the committee—What does he have to say about the fact that our country owns \$3 billion of foreign currencies in many of the areas into which the United States is pouring millions and millions of hard, cold American dollars, although that foreign currency could be used in those lands to pay for the services for which we are now spending good American dollars for defense support?

The Senator from Illinois [Mr. DOUGLAS], the Senator from Minnesota [Mr. HUMPHREY], and I discussed on the floor of the Senate at some length, the other evening, the problem involved in connection with putting to work these \$3 billion of frozen foreign currencies. They should be spent, and they should be used to pay the salaries of foreign soldiers whom we are supporting. In some instances we are paying practically the entire cost of the wages of foreign soldiers. A part of that expense could be defrayed by using the foreign currencies, and we could thus reduce the burden upon the taxpayers of the United States. At the same time we would strengthen the economy of the foreign countries in which those foreign currencies were accumulated. There is an

additional \$800 million as to which the United States has the authority to say whether it can or cannot be spent.

I say to the Senator from Ohio that we owe it to our own taxpayers to see to it that greater strides are taken in the expenditure of that \$3,800 million in those areas where foreign currencies have been accumulated and in effect are frozen today.

I have an amendment on defense support which I shall offer later this afternoon, but first I wanted to put in the RECORD a statement by way of reply to the Senator from Ohio; I wanted to say to the American boys of from 13 to 18 years of age, to whom the Senator from Ohio made his appeal, that those who are seeking to cut the bill, in order to keep the economy of America more secure, and in order to squeeze out of this bill hundreds of millions of dollars of military waste found in it, are fighting just as sincerely and just as honestly for the best interests of the American boys as is the Senator from Ohio.

I respect the Senator from Ohio for his honesty and for his convictions, but I resent the implication the Senator from Ohio made on the floor that those of us who are fighting to cut this bill as we think it ought to be cut are somehow, in some way, fighting against the interests of the American flag which hangs behind the desk of the Presiding Officer.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. ELLENDER. I yield 3 more minutes to the Senator from Oregon.

Mr. MORSE. Let us take a look at what is involved in defense support. It is a nice sounding term. It is plausible. It has a sedative effect. But defense support means we are pouring millions of dollars into some areas of the world for military support, under the guise of defense support. It is said that money goes into the economy of those countries that are maintaining military forces over and above the ability of their economies to support.

What do we do? We pay the wages of soldiers, we pay for building docks, we pay for building barracks, we pay for military facilities to be used by those countries in order to support a military establishment over and above what their economy can support.

The Senator from Ohio made a statement which I challenge when he said that to the extent we cut down in defense support of those countries they will have to reduce their armies, and, in effect, we will have to add to the number of American boys who will go into the American Armed Forces.

In my judgment, the Senator from Ohio cannot find support for that statement in the hearings before the Foreign Relations Committee, because many of those countries are already maintaining armies larger than they should maintain—armies that would be practically of no value to the United States in case of a war with Russia.

Take Pakistan as a good example—and the record of our hearings is full of discussion of Pakistan. There sits the chairman of our committee, the

Senator from Arkansas [Mr. FULBRIGHT], who time and time again raised the issue of support for Pakistan. The record shows very clearly that the questions and statements of the Senator from Arkansas had a devastating effect on the witnesses who tried to justify the large expenditures we are making in Pakistan—expenditures which are causing a great loss of prestige to American foreign policy through southeast Asia and have resulted in serious problems arising between the United States and India, expenditures which are causing India to spend much more for military programs than she would have had to spend if it were not for our support of Pakistan.

If we got into a war with Russia tomorrow, how much real effect would Pakistan have? The Red juggernaut would move over there in the course of a few days. In my judgment, much of the military facilities we had sent into Pakistan would fall into Russian hands. Pakistan is a good example of where I think we are wasting much money. But if the army in Pakistan is reduced by our refusal to pour millions of dollars into Pakistan, we shall not have to add one single American boy to the American Army. It makes a good public appeal to say that if we cease giving defense support to some of these countries, we shall have to add to our own military forces, but say "It ain't so."

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. ELLENDER. I yield 2 additional minutes to the Senator from Oregon.

Mr. MORSE. I say, "It ain't so," to use a colloquialism. The record does not support the claim of the Senator from Ohio.

Now, let me say to the Senator from Ohio, here is a chance for the budget balancers to "put up." Here is a chance for the budget balancers to squeeze out of the mutual security bill hundreds of millions of dollars of water.

The Senator from Idaho [Mr. CHURCH] used an apt phrase in our Foreign Relations Committee markup sessions when he referred to it as a "bloated" bill. That is what it is. Take the gas out of it, or take the water out of it, and we shall have a sounder bill for the defense of this country than if we rubberstamp the administration's request on the theory that the administration knows best.

As I said in my major speech on this subject yesterday, what kind of examination do my colleagues think the President of the United States could pass on the details of this bill. It is not to be expected that the President of the United States has had the time to study the bill that the members of the Foreign Relations Committee have had. We have gone into the details of this bill.

Now is the time to make a saving in behalf of the taxpayers by cutting substantially the defense support item in the bill.

Mr. President, there is a duty on our part, as I see it. I do not ask others to see it, but I express my sincere and hon-

est opinion that here is our chance to make clear to the tax dodgers and tax evaders in many countries of the world that are not carrying their tax load, but have the ability to do it, that we do not intend to continue to increase the burdens on the American taxpayer until some of the other nations of the world collect taxes from their own people and see to it that they pay taxes on the basis of their ability to pay.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. LAUSCHE. Mr. President, will the Senator yield to me?

Mr. FULBRIGHT. Mr. President, I yield myself 5 minutes.

I cannot let this opportunity pass without congratulating the Senator from Ohio for a very objective and patriotic statement. I endorse what he has said. In the references of the Senator from Oregon to the \$3 billion in foreign currencies, he has equated foreign currencies, which are not convertible to dollars, with the part that dollars must play. That statement is absolutely without justification. It ignores the facts. The statement has no place in this argument whatever.

The Senator from Oregon has said this is a good place to keep the economy sound—this poor economy of ours which is limping along on the highest gross national product in our history, which is limping along on the highest income in history, with the stock market making a new high every day. The argument is we are bleeding at every pore of our poor economy, and therefore we must squeeze this bill in order to protect our economy. It is a very appealing argument to say that we are in a desperate situation.

The Senator from Ohio put his finger on exactly the right spot, and evidently he touched a sensitive nerve in some quarters. I congratulate the Senator from Ohio for putting the whole matter into proper perspective.

The Senator from Oregon referred to my criticism respecting aid to Pakistan. It has never related to economic support for Pakistan. The criticism has always been of military assistance.

I submit, the Senate has just passed upon military assistance. We have just cut that program \$300 million. That is the item to which I have made reference in the past, regarding Pakistan. Pakistan, on the contrary, I think is a country struggling in the best way it can to put its affairs in order. Pakistan does need assistance. It needs economic assistance and defense support assistance far more than it needs military assistance.

That is all there is to say with regard to this particular argument. I hope the Senate will take the matter very seriously, because it does relate to one of the most important aspects of our defense.

Mr. President, I am happy to yield at this time to the Senator from New York. How much time would the Senator like to have?

Mr. JAVITS. I ask the Senator to yield me 3 minutes.

Mr. FULBRIGHT. Mr. President, I yield 3 minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 3 minutes.

Mr. JAVITS. Mr. President, defense support is nothing new. We have considered it before.

In connection with this matter I should like to make two points which come from my own experience as a member of the Committee on Foreign Affairs of the other body for 8 years.

I have not heard this thought developed in the discussion, although it has been, I am sure, and it should be. Every one of these countries is essentially on the border of the Soviet Union. While it is true that some Russian juggernaut might roll over the forces of any such country, I will say, with all due respect to my friend from Oregon, that I doubt we ought to give that matter the advertising we may be giving it on the floor of the Senate. Nevertheless, it is true such a juggernaut might pour over those forces. It is also true that the Russians will have to use a juggernaut, and even the Russian do not have a limitless number of juggernauts.

For my money, I should like to force the Russians to use all the juggernauts the defense of these countries would imply, and not use simply one juggernaut to go in at one place.

Mr. President, we know that armies not only use hardware but also travel on their stomachs, and we also know that there are some things which it is necessary to buy, and which can only be bought by imports in many of these countries, with dollars. It seems to me this defense support item is not the maximum amount, but the minimum amount.

Finally, Mr. President, we have a duty to save the taxpayers' money, and we have a duty to keep viable the American economy. I wish to identify myself with the remarks of the Senator from Ohio [Mr. LAUSCHE] in stating that we have a higher duty, which is to keep the American taxpayer alive and to keep alive the Government of the United States and the free world structure in which it lives. That is what we are talking about.

This whole bill, as the administration recommended it, represents only 1 percent of the gross national product of the United States. How are we going to defeat the Russians? We would not have enough soldiers in this country, if we mobilized everyone, including those from 13 to 18 years of age, to defeat the 900 million behind the Iron Curtain. We can only do it if we mobilize the whole world force on our side. If, for these ridiculously small sums of money, we will not give men the opportunity to die for freedom, they will not, and they will take us at our word. They may even join the other side. If that is what we want by saving only \$235 million, then we shall deserve what we get.

Mr. FULBRIGHT. Mr. President, I yield 5 minutes to the Senator from Idaho.

Mr. CHURCH. Mr. President, I rise in opposition to the amendment offered by the distinguished Senator from Louis-

iana. In so doing I hope the chairman of our committee will not think I am assuming the role of the devil's advocate, because I have grave misgivings about the defense support and military assistance aspects of this program. I recognize that in this regard I may be influenced by my own experience—perhaps jaundiced by that experience—but I try to take this into account.

Mr. President, I cannot help but recall, during the Second World War, when I was stationed in China, the great amount of military assistance which was then extended to the Chinese Nationalist Government. I recall the tremendous stacks of ammunition. I recall the extent to which we armed and equipped dozens of Chinese divisions, some to American T.O. and E. standards.

I recall the airfield when I left Shanghai, which was simply filled with American planes turned over to the Nationalists. I recall the ships which were given to Chiang Kai-shek, in order that he might move out and obtain for himself some billions of dollars worth of military surplus equipment we left in the Pacific area.

I recall how the lion's share of all military arms and impedimenta for the Japanese military expeditionary force in China, comprising some 1 million men, fell into the hands of Chiang Kai-shek.

Yet in spite of all this advantage, in spite of all this equipment, in spite of the fact that he alone had artillery and air support, it took the Chinese Communists, who were largely equipped with hand-made weapons, only as long to defeat Chiang Kai-shek and to drive him into the sea as it took them to walk from north China to Canton.

So I say, I am jaundiced by this experience, and I do not want to labor it, but I feel that in it there is a lesson to us who would rely upon the troops of others. I personally feel that there is too much reliance in this mutual security program upon military assistance and upon defense support in areas where the nature of the Communist threat does not take a military form, or in areas so remote from the Soviet Union that the military assistance is meaningless in terms of its contribution to our own security or to our own defense.

Having said all this, I must nonetheless oppose the amendment, because I think it goes too far. The Senate has already cut the military assistance phase of this program from \$1.6 billion to \$1.3 billion. That is a cut of about 20 percent.

If we were now to adopt the amendment offered by the distinguished Senator from Louisiana, we would effect a \$235 million cut in defense support, which, expressed percentagewise, would be even more drastic than the cut we have already effected in military assistance.

It is true that these two programs are closely linked together, but I feel in an area of this kind, where the safety of our country might well be involved, we ought to give the proponents of the program the benefit of the doubt. We ought not to cut too deeply lest our own judgment be in error, because the stakes in this field could be mortal ones.

Mr. President, I therefore oppose the amendment now pending, but in doing so I should like to notify the Senate that I intend to offer an amendment which will have the effect of cutting back the defense support aspect of the program by 10 percent, or \$83.5 million, which I think is altogether consistent with the action the Senate has already taken in reducing the military assistance phase of the program by \$300 million.

The PRESIDING OFFICER. The time of the Senator from Idaho has expired.

Mr. CHURCH. Mr. President, I should like to submit the amendment at this time, and to state my intention of calling it up later.

The PRESIDING OFFICER. The amendment will be received and will lie on the table.

Mr. FULBRIGHT. Mr. President, I yield 2 minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 2 minutes.

Mr. COOPER. Mr. President, I shall vote against the amendment now before the Senate to reduce the defense support authorization.

A few minutes ago I voted to reduce the military assistance authorizations. I did so because I have believed for a long time that the North Atlantic Treaty Organization countries have never met the goals which have been set from time to time, and I believe their obligation—to build up their defense forces. Perhaps some reduction of our military assistance will lead them to make greater efforts—or at least we will determine their will to do so.

But with respect to the item of defense support, it cannot be denied—it is known by all of us—that Turkey, Greece, China, Korea, the Philippines, and Vietnam have shown in actual battle, in World War II and since World War II, their will to resist aggression to fight for their freedom.

We know, too, that those countries and the others named do not have the resources or the money with which to support the forces they maintain, without assistance from the United States. Their strength and our strength are mutually helpful. Their strength contributes to our security. For these reasons, I oppose the amendment.

Mr. FULBRIGHT. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator has 5 minutes.

Mr. FULBRIGHT. I yield myself 5 minutes.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CARROLL. I was one of those who voted against the \$300 million cut. I understand that this is not a back door approach. This is a request for an authorization for an appropriation, is it not?

Mr. FULBRIGHT. That is correct.

Mr. CARROLL. I assume that when we are through with this bill, the Appropriations Committee will take a very careful look at the program.

Mr. FULBRIGHT. The Senator is quite correct.

Mr. CARROLL. I see the distinguished Senator from New Mexico [Mr. CHAVEZ] in the Chamber. I ask him whether the Committee on Appropriations has a large staff to examine into the authorizations with reference to the mutual aid program?

Mr. CHAVEZ. I answer the Senator from Colorado on the basis of the things I know about. The staff of the Committee on Appropriations of the U.S. Senate is the hardest working, most intelligent, know-how staff in the Senate.

Mr. CARROLL. I understand; but will this issue be examined very carefully?

Mr. CHAVEZ. We do not take it for granted that because \$100 million is authorized, \$100 million is going to be appropriated. The agency will be lucky if it gets \$50 million.

Mr. CARROLL. I understand all these fine arguments—

Mr. FULBRIGHT. That is especially true in respect to the foreign aid program.

Mr. CHAVEZ. If there is any one appropriation bill which is scrutinized and dissected to the limit by the Committee on Appropriations, it is the mutual security bill.

Mr. CARROLL. That satisfies the junior Senator from Colorado. I think there has been too severe a cut, namely, \$300 million. I agree with the distinguished Senator from Ohio. But this is an authorization.

Mr. CHAVEZ. That is what it is.

Mr. CARROLL. I believe that the able Senator from New Mexico and his staff should examine this program very carefully, and that there should be justification all the way down the line. I intend to vote against all the amendments, and leave the program in the capable hands of men who will be watchdogs.

Mr. CHAVEZ. Mr. President, I further assure the Senator from Colorado that not only will we watch the program most carefully, but I do not care how much is authorized for this project, the agency will not get that much.

Mr. CARROLL. I thank the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I wish to call the attention of Senators again to page 13 of the report, which indicates what this money will be used for. This demonstrates conclusively, I believe, the fallacy of the argument that foreign currencies in the various countries might be substituted. It is quite clear that the soft currencies will not be available in this country for the purchase of surplus agricultural commodities, machinery, raw materials, and so forth, which the recipient countries must have. This argument is a source of great confusion, when it seeks to bring in the foreign currencies. They have extremely limited uses; and to use them in this program would bankrupt the other countries. It would cause uncontrollable inflation, the very thing we are seeking to prevent by this program. That concept is utterly inconsistent with the entire program.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. AIKEN. This is money which comes back to the United States. There will be \$178,325,000 for agricultural commodities; \$288,880,000 for raw materials, for petroleum, fuel, and other things; \$152,875,000 for machinery and equipment, and \$53,763,000 for other industrial commodities. Some persons might be ungrateful enough to call this a subsidy to American industry; but if the proposed cut is made, it will make a difference of about a billion dollars in the amount of business done by American industry.

Mr. FULBRIGHT. Mr. President, I hope the Senate will not accept the amendment.

Mr. ELLENDER. Mr. President, I do not wish to belabor the question, but I think I made it very clear that the reason for adoption of the Development Loan Fund by Congress was to do away with grants. We have an opportunity to do just that in this instance.

I point out that DLF loan applications from Spain—and that is one country receiving defense support—amount to \$126 million. For Turkey, which is also on the list, the amount is \$220 million. Those are dollars which are to be borrowed from this Government, with no strings attached. Those dollars can be spent anywhere in the world.

Pakistan has filed application for \$159 million.

Korea is a big recipient of defense support, yet it has Development Loan Fund applications aggregating \$89 million.

It strikes me that since the Development Loan Fund was created to change the emphasis in our foreign aid program from grants to loans, we have an excellent opportunity to make sure that this change in emphasis takes place.

As I pointed out a while ago, we have food and fiber to burn, as it were. I say why not use our bountiful surpluses to support troops in Korea and in other places? That could be done if only an effort were made to do so.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

All time has expired.

The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER] to the committee amendment.

On this question the yeas and nays have been ordered, and the Clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from Montana [Mr. MURRAY] are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that, if present and voting, the Senator from Montana [Mr. MURRAY] would vote "yea."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Minnesota [Mr. MCCARTHY]. If present and voting, the Senator from Louisiana would vote "yea,"

and the Senator from Minnesota would vote "nay."

The result was announced—yeas 40, nays 53, as follows:

YEAS—40

Bartlett	Ervin	Mundt
Bible	Fear	Proxmire
Byrd, Va.	Goldwater	Robertson
Byrd, W. Va.	Gruening	Russell
Cannon	Hruska	Schoeppel
Capehart	Johnston, S.C.	Smathers
Case, S. Dak.	Jordan	Stennis
Chavez	Kerr	Talmadge
Curtis	Langer	Thurmond
Douglas	McClellan	Williams, Del.
Dworshak	Magnuson	Yarborough
Eastland	Mansfield	Young, N. Dak.
Ellender	Martin	
Engle	Morse	

NAYS—53

Aiken	Green	McNamara
Allott	Hart	Monroney
Beall	Hartke	Morton
Bennett	Hayden	Moss
Bridges	Hennings	Muskie
Bush	Hickenlooper	Neuberger
Butler	Hill	Pastore
Carlson	Holland	Prouty
Carroll	Humphrey	Randolph
Case, N.J.	Jackson	Saltonstall
Church	Javits	Scott
Clark	Johnson, Tex.	Smith
Cooper	Keating	Sparkman
Cotton	Kefauver	Symington
Dirksen	Kennedy	Wiley
Dodd	Kuchel	Williams, N.J.
Fulbright	Lausche	Young, Ohio
Gore	McGee	

NOT VOTING—5

Anderson	McCarthy	O'Mahoney
Long	Murray	

So Mr. ELLENDER's amendment to the committee amendment was rejected.

Mr. DIRKSEN. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. JOHNSON of Texas. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DODD. Mr. President, I offer an amendment which I ask to have read.

Mr. DIRKSEN. Mr. President, will the distinguished Senator from Connecticut yield to me before his amendment is stated? I desire to yield 5 minutes on the bill to the Senator from Delaware [Mr. WILLIAMS].

Mr. DODD. I yield for that purpose.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. JOHNSON of Texas. Mr. President, will Senators having amendments which have not been disposed of indicate by holding up their hands the number of amendments we shall still have to consider?

A number of Senators raised their hands.

Mr. JOHNSON of Texas. How many amendments does the Senator from Oregon intend to offer?

Mr. MORSE. Four.

Mr. JOHNSON of Texas. Mr. President, the indications are that approximately eight amendments will be offered. That means that, with 30 minutes to an amendment, approximately 4 hours will be required to dispose of the amendments. I hope it will not be necessary for Senators to consume the entire 30 minutes on each amendment. If Senators do not consume all of their

time, perhaps the Senate can complete action on the bill by 10 or 11 o'clock. I desire Senators to know that we are hopeful that action on the bill can be finished tonight.

Mr. DIRKSEN. Mr. President, I should like to ask the majority leader whether, if the Senate completes action on the bill tonight, the Senate will convene early tomorrow morning or at 12 o'clock.

Mr. JOHNSON of Texas. At 12 o'clock. When I obtained the order to have the Senate convene at 10 o'clock tomorrow morning, I announced that if it were found to be unnecessary to take action on the bill tomorrow, the order would be modified, and I would expect that to be done.

Mr. DIRKSEN. Assuming that action is finished on the mutual security bill tonight, may I ask the majority leader what the next order of business will be?

Mr. JOHNSON of Texas. The Tennessee Valley Authority financing bill, unless it is possible to call up an appropriation bill ahead of it, although I do not think that that is likely.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. McCLELLAN. Will the majority leader try to ascertain the number of amendments on which yea-and-nay votes will be required? Can that be ascertained at this time, so that Senators may be governed accordingly?

Mr. JOHNSON of Texas. I can only say that most Senators will want a yea and nay vote on their amendments.

Mr. DODD. Mr. President, I call up my amendment which is at the desk and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 13, line 21, it is proposed to strike out "President" and insert in lieu thereof "Secretary of Defense."

Mr. DIRKSEN. Mr. President, will the Senator from Connecticut yield, so that I may yield five minutes on the bill to the Senator from Delaware?

Mr. DODD. I yield for that purpose.

The PRESIDING OFFICER. The Senator from Delaware is recognized for 5 minutes on the bill.

WASTE OF FUNDS BY BUREAU OF SHIPS, DEPARTMENT OF THE NAVY

Mr. WILLIAMS of Delaware. Mr. President, today I wish to call attention to an indefensible waste of millions of dollars by the Bureau of Ships, Department of the Navy, through their careless manner of procurement and loose inventory records.

The Comptroller General in a report just released last week cited many instances wherein excessive inventories of materials to fill shipyard needs are being purchased and then carried as surplus, subsequently being sold at an insignificant fraction of their original cost.

Numerous instances of duplication in buying, lost records of inventories, and other types of loose management are cited.

I quote one paragraph of the Comptroller General's letter of June 30, 1959, accompanying this report:

We found that the shipyards have consistently overestimated their needs for material for ship overhaul and conversion work. As a result, enormous quantities of surplus materials have been accumulated which, experience shows, will be ultimately disposed of at a fraction of its cost. During the fiscal years 1956, 1957, and 1958, a sizable amount of Navy inventories have been classified as excess to its needs. This included nearly \$850 million worth of those materials used almost exclusively for shipwork; i.e., electronic and shipboard equipment and ship repair parts.

In his report, the Comptroller General said also:

The shipyards have consistently overestimated their needs for material for ship overhaul and conversion work.

On an average, about 40 percent of the material carried in shop stores for day-to-day use was in excess of established supply levels.

They found little or no accounting control existing over the more than \$40 million in surplus materials at the four shipyards reviewed.

These excess inventories resulted directly from the procurement officers':

First. Overstating the amount of material needed.

Second. Failure to promptly release earmarked materials which are in excess of the quantities actually required on the jobs.

Third. Inaccurate reporting of material on hand.

The four shipyards reviewed by the Comptroller General in his most recent examination—namely, the U.S. naval shipyards at Boston, Mass.; Charleston, S.C.; Philadelphia, Pa.; and Pearl Harbor, Hawaii—showed that they had more than \$40 million in surplus materials over which the Navy Department had little physical or accounting control.

The Comptroller General stated that it was not unusual to find estimates for planned work to have exceeded actual needs often by more than 100 percent. For example, in one instance:

Nearly 4½ million pounds of structural steel were earmarked for use in the conversion of a cruiser. A substantial portion of this material was acquired especially for this conversion. Only 59 percent of this structural steel was actually used on this cruiser. The unneeded material, about 2 million pounds, valued at \$357,000, was not released for possible use on other jobs until the Comptroller General brought it to the attention of the shipyard management.

A similar case was reported by Navy auditors in their report on their review at Mare Island Naval Shipyard, San Francisco, Calif., concerning six different categories of material that were earmarked for use on scheduled overhauls of four destroyers. Of the \$537,000 worth of earmarked materials reviewed, only \$117,000 worth, or about 22 percent, was issued. The reservations for the remainder were canceled after the overhauls had been completed. This meant that nearly \$250,000 worth of these items that were not needed had been either purchased or transferred in from other storage locations especially for these

overhauls. Again, of 2,512 items they tested that had been specifically ordered for use in making certain alterations to 6 submarines, only 622 items were used.

In many other instances, requisition orders for material failed to specify that the material being requested had been previously reserved for the specific job. Thus, the requisition became a new demand for material and, unless there was sufficient uncommitted material on hand at the shipyard, the inventory manager obtained additional material to satisfy a need that did not exist.

For example, considerable amounts of material were requisitioned from uncommitted stocks for the conversion of the cruiser U.S.S. *Galveston* although the same type of material had been previously reserved for that particular project. In just one instance, three types of steel construction material, weighing 187,230 pounds and valued at \$52,052, were specifically earmarked for this job. When material was subsequently requisitioned for this conversion, however, 19,170 pounds of these three materials, valued at \$4,475, were issued from uncommitted stock and none of the earmarked material was released for use on other jobs, thereby erroneously increasing the requirement on the inventory managers for this type of material by 19,170 pounds.

In another case, reservations for about 27 unneeded items, valued at more than \$35,000, had not been canceled in June 1953 although work had been completed and the ship had left the shipyard in February, 4 months earlier.

The Comptroller General stated that at the Philadelphia Naval Shipyard experience showed that for a normal stocking period of 9 months, the shipyard had a recurring need for about 40 sandalwood chairs. During this same period, the shipyard also had a nonrecurring need for a substantial quantity of these chairs for special one-time uses. In reporting to the inventory managers, however, the shipyard failed to segregate these nonrecurring needs from its needs for recurring uses. Because the data reported erroneously indicated that the shipyard's needs for these chairs for recurring uses were substantial, the established stock level was raised and the inventory manager allocated an additional 1,293 chairs to Philadelphia. At the time of the Comptroller General's examination, 1,055 of these chairs were excess to the shipyard's known needs.

At one shipyard a random test of over 100 items, controlled by various inventory managers, disclosed that the demand data as reported were not properly adjusted to allow for unused material costing about \$280,000 which had been returned to stock. Included were nine cylinder sleeves valued at \$4,599, nine belts valued at \$1,098, and two drinking fountains valued at \$1,232, all of which were returned to stock unused, but the demand for these items was not reduced accordingly. This resulted in overstating the demand data which the inventory managers used to compute necessary stock levels.

The Comptroller General also found instances in which the need for materials arising from one particular job was in-

correctly doubled in compiling demand. For example, they found that requisitions were received for \$4,200 worth of teakwood at one shipyard which the supply department could not fill from uncommitted stock. Consequently, the inventory manager procured additional stocks which were sent to the shipyard. When the issue was made to the requisitioner, the demand was again reported to the inventory manager. Thus, one need for materials was reported twice to the inventory manager, and procurement actions were taken on each. At the time of their examination, the shipyard was in long supply on this teakwood by 21,000 feet valued at \$14,000. Thus, in this instance, the shipyard requisitioned \$14,000 worth of teakwood to fill a \$4,200 need. The Comptroller General made this damaging charge:

We noted a significant number of errors in stock record cards because of ineffective and unreliable physical inventories. During test physical counts at Philadelphia, we located more than \$200,000 worth of material which had been written off as a loss because the material had not been located by Supply Department personnel during their physical count. The items we located included:

Item	Unit price	Quantity	Value
Propeller shaft.....	(1)	9	\$104,650
Personnel boat.....	\$26,000	1	26,000
Minesweep net.....	3,400	5	17,000
Periscope.....	2,550	4	10,200
Mast tube.....	3,010	2	6,020

¹ Various.

They found also that significant adjustments were made to the inventory records, as a result of physical counts, with little or no investigation to determine the cause of the difference.

At Philadelphia, for example, adjustments of \$5,159,000 for inventory losses and \$1,964,000 for inventory gains had been made as a result of physical inventories during the 15-month period ending March 31, 1958. Tests of these adjustments disclosed that 9 out of 11 gains reviewed had been incorrectly recorded, and that the adjustments for these gains, totaling \$154,000, should have been recorded as a loss of \$18,000, or a total difference of \$172,000.

At Pearl Harbor it was found that adjustments to the records as a result of physical counts were made such a long time after the count had been taken that it was virtually impossible to determine the reasons for the variance.

At Boston the Comptroller General found that contrary to supply regulations a number of items had been written off without any investigation into the cause of the variance.

In concluding, the Comptroller General stated that the four shipyards reviewed had more than \$40 million in surplus materials over which they had little physical or accounting control. As a result, prompt, orderly disposition of these materials was impeded and realization of whatever portion of their cost that could be recaptured was delayed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 1120) to amend the National Bank Act and the Federal Reserve Act with respect to the reserves required to be maintained by member banks of the Federal Reserve System against deposits and to eliminate the classification "central reserve city," disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SPENCE, Mr. BROWN of Georgia, Mr. PATMAN, Mr. MULTER, Mr. McDONOUGH, Mr. WIDNALL, and Mr. HIESTAND were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

H.R. 904. An act to rename the New Richmond locks and dams in the State of Ohio as the Capt. Anthony Meldahl locks and dam;

H.R. 1547. An act for the relief of T. Sgt. Walter Casey;

H.R. 2065. An act for the relief of Arthur J. Dettmers, Jr.;

H.R. 2497. An act to add certain lands located in Idaho to the Boise and Payette National Forests;

H.R. 3368. An act to extend the special enlistment programs provided by section 262 of the Armed Forces Reserve Act of 1952, as amended;

H.R. 4072. An act to amend the act entitled "An act for the regulation of the practice of dentistry on the District of Columbia, and for the protection of the people from empiricism in relation thereto," approved June 6, 1892, as amended;

H.R. 4454. An act to amend the act of March 3, 1901, to eliminate the requirement that certain District of Columbia corporations be managed by not more than 15 persons;

H.R. 5534. An act to designate the bridge to be constructed over the Potomac River near 14th Street in the District of Columbia, under the act of July 16, 1946, as the George Mason Memorial Bridge, and for other purposes;

H.R. 5914. An act for the relief of Dr. Radoud Lourens Beukenkamp;

H.R. 6662. An act to amend the District of Columbia Hospital Center Act in order to extend the time during which appropriations may be made for the purposes of such act; and

H.R. 7062. An act to provide for payment of annuities to widows and dependent children of Comptrollers General.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut [Mr. DODD] to the committee amendment.

Mr. DODD. Mr. President, I believe that the amendment I have submitted to the committee amendment is an important one.

I shall not detain the Senate for a lengthy discussion of the amendment; but I ask that the yeas and nays be ordered on the question of agreeing to my amendment to the committee amendment.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. JOHNSON of Texas. Mr. President, I think the yeas and nays should be ordered on this question, because the Senator from Connecticut will take only a part of the time which is available to him on his amendment.

The PRESIDING OFFICER. Is there a sufficient second to the request for the yeas and nays?

The yeas and nays were ordered.

Mr. DODD. Mr. President—

Mr. JOHNSON of Texas. Mr. President, will the Senator from Connecticut yield to me?

Mr. DODD. I am happy to yield.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the time on this amendment to the committee amendment be limited to 15 minutes, with 10 minutes to be under the control of the Senator from Connecticut, and 5 minutes to be under the control of the chairman of the committee.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. JOHNSON of Texas. I thank the Senator from Connecticut.

Mr. DODD. Mr. President, the amendment which I propose would accomplish one objective of the Draper committee report. It would separate military aid from economic aid and place it in the budget of the Department of Defense.

For many years we have been hearing from all sides that military assistance should be divorced from economic aid, and should be included in the Defense Department budget, instead of the mutual security budget.

I have heard this suggestion made in countless speeches. It has been advocated in numberless newspaper editorials.

This separation has been urged by a number of high-level study groups, including the President's citizens' advisers on the mutual security program, the Committee on World Economic Practices, and most recently the Draper committee.

Earlier this year the distinguished chairman of the Senate Foreign Relations Committee [Mr. FULBRIGHT] urged his committee to separate military aid from economic aid. And only a few days ago President Eisenhower endorsed this view in the clearest and strongest terms.

The mutual security bill brought to the floor by the committee this year contains many novel and far-reaching innovations. Yet it does not tackle this longstanding defect. A great many Members of this body for years have been advocating a separation of military aid and economic aid. I, therefore, feel

that the Senate as a whole should have an opportunity to express itself, on the record, on this question.

There are three compelling reasons why the two forms of aid should be separated.

First, the separation should be made for reasons of efficiency and economy in spending the American tax dollar. This is a very important and compelling reason. A long procession of military authorities testified that the military assistance program is an integral part of our own defense effort, and that money spent for this program buys more security than would an equal amount spent on our own Armed Forces. This view is subscribed to in the committee report on this bill. Yet, under present practices, the role of the Defense Department in the military assistance program is clouded, to say the least.

My amendment, by placing this program in the Defense Department budget, would provide for a more thorough evaluation of the role of military assistance in relation to all of our defense programs. The amendment would therefore lead to more effective planning and wiser spending practices. It would mean that the military assistance appropriation would be acted upon by Congress at the same time that other Defense Department appropriations were acted on, and that would make it possible efficiently and economically to integrate procurement for military assistance with procurement for our own Armed Forces.

Second, this amendment would make clear to the American people that military assistance to our allies is no beneficence or gratuity on our part. It is a vital part of our own defense. Yet for years it has been commonly thought of as foreign aid, and has in fact made up the larger part of our foreign aid appropriations. If this assistance were placed where it belongs—namely, in the Defense Department budget, the people of this country would more clearly recognize the true nature of military assistance, they would be more inclined to support it, and they would realize that our economic and technical assistance programs are far smaller in scope than is generally thought.

I, for one, at any rate, believe it is time that the American people were told the truth about this matter. In the last few days I have heard many Members of this body who are supporting the program say it would not help them much in their own States, in view of the fact that it is unpopular there. If that is so, it is our fault, and it is because the American people do not understand the program. I think we have a solemn responsibility and a grave duty to help them understand; and this amendment will help them do so.

I do not apologize for foreign aid—for the reasons the able Senator from Ohio [Mr. LAUSCHE] enunciated so eloquently earlier this afternoon—far more eloquently than I could do. I do not propose to say to the voters of Connecticut, in an apologetic fashion, "This program is no good, but we have to proceed

with it." I believe such statements deceive the American people and perpetrate a fraud upon them.

As I have stated, this part of the program is no beneficence; it is no gratuity. It is in our own good interest, and that is why we are undertaking it. It is a vital part of our own defenses.

Yet for years this part of the program has been commonly thought of as foreign aid, and has, in fact, been made more or less the butt and target for almost every kind of attack.

Now let us place the emphasis where it belongs; let us do our bookkeeping honestly. Let us tell the American people the truth, and say that these items for military assistance are in our own defense, and that we are not doing anyone any favor when we do these things; that we are not giving the military aid to other countries solely because we want to help them, but we are doing it because we are faced with a very grave danger in the world, and this military assistance is essential to our own defense. That is why I hope this program will be supported.

I think once we do that, the American people will understand us, and will clearly recognize the true nature of these items; and then they, too, will support the program.

Our people have never lacked courage. They will be able to understand these things if we give them a chance to do so; and then they will rise to the occasion, as they have done historically. They will do so again. Senators will not have as much trouble in their own States with this program, if it is handled properly.

Mr. CHURCH. Mr. President, will the Senator from Connecticut yield?

Mr. DODD. I am glad to yield.

Mr. CHURCH. I should like to ask whether the effect of the amendment would be to transfer jurisdiction over the military-aid program from the Foreign Relations Committee, where it presently rests, to the Appropriations Committee.

Mr. DODD. I think the answer is probably "yes." I made an effort to make that determination. I asked various persons who I thought would be in a position to advise me correctly. The best advice I could get was that most likely the answer is "Yes."

Mr. CHURCH. I appreciate the information; and on that account, I shall later express my views on this amendment.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DODD. I yield.

Mr. FULBRIGHT. I may say that in committee I was in favor of what I thought was the Senator's objective. But in looking at the language just now, and after consulting with the staff, there is great doubt in my mind and in the staff's mind that it would accomplish the objective. It would appear at the moment, from the amendment, that all it does in this bill is direct that "there be appropriated to the Secretary of Defense," but that the matter would continue to come back to the Committee on Foreign Relations for consideration of such legislation.

The exact language of this amendment was not considered by the committee, but the committee considered an amendment which was intended to take this matter completely out of the foreign aid bill, which comes to the Foreign Relations Committee, and have it contained in the regular budget of the Defense Department. The committee voted on that proposal, and voted against it, I may say to the Senator, although there were some of us who favored it. I have some doubt about it. That is the only question I had about it.

Mr. DODD. I do not know how to clear up that doubt, except as I tried to do. We asked the Parliamentarian; we asked counsel for the Defense Department. The best advice was to do it this way. If there is a better or a more certain way, I am willing to accept it. I am trying to put these military items in the Defense Department's budget.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DODD. Mr. President, I should like to ask for some time from the time allotted to the bill.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. CAPEHART. I should like to ask the Senator from Connecticut some questions, because I am 100 percent in accord with what he has been trying to accomplish. I have been trying to do it for a number of years. I think it should have been accomplished years ago. I believe it is the most practical way to handle the matter. It is best for everybody concerned. I cannot see a single good reason in the world why we do not put items for money we spend to maintain bases or for other military purposes around the world in the regular military budget. How can there be any good argument against it? Why should it not be handled in the regular military budget? If we went to war tomorrow, we would depend on the military to defend us.

I should like to ask the able Senator from Connecticut this question. Would the Senator accept a substitute or modification of his amendment, which would make it read as follows:

On page 14, after line 8, insert:

"There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1961 such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums are authorized to remain available if unexpended."

Then strike out the remainder. It would leave the matter as it is until the next fiscal year, but it would be a part of our so-called military budget and would be handled in the regular way as a part of our military budget.

That would be the most sensible and practical way to handle the matter. It would take it out of politics, and we would not be fighting over it every year. The item belongs in the military appropriations. What is the difference whether in defending the United States,

we spend \$1 million outside the United States or within the United States, if our military authorities feel that is the best way to defend the country?

If the Senator would accept the modification of his amendment, the members of the Foreign Relations Committee tell me, after this fiscal year there would be accomplished exactly what the Senator wishes to accomplish, and I think what anybody ought to be willing to try to accomplish. I am 100 percent in favor of what the Senator is trying to do.

Mr. DODD. Let me ask the distinguished chairman of the committee, the Senator from Arkansas, a question. I have no fault to find with the suggested substitute. In fact, this is substantially the form in which I originally drafted my amendment, and this is the amendment which I described in an explanation I sent to every Senator last week. It calls for a continuing authorization. Am I right about that?

Mr. FULBRIGHT. That is right.

Mr. DODD. Am I correct in my understanding that by its vote the Senate rejected such a proposal?

Mr. FULBRIGHT. The committee; not the Senate.

Mr. CAPEHART. I have been trying for a number of years to accomplish the same purpose which the able Senator from Connecticut is trying to accomplish here today.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CAPEHART. May I have more time?

Mr. DIRKSEN. I yield 2 additional minutes to the Senator from Indiana.

Mr. CAPEHART. For the life of me, I cannot understand why anybody would oppose the proposal, because it takes the whole matter out of politics and places it 100 percent where it belongs. Why should we have two military budgets?

Mr. DODD. That is right.

Mr. CAPEHART. Why should we have a foreign military budget and a so-called domestic military budget?

Mr. DODD. I am willing to accept the substitute proposed by the Senator from Indiana.

Mr. CAPEHART. Mr. President, I send to the desk the substitute. I understand the able Senator from Connecticut will modify his amendment as I have suggested.

The PRESIDING OFFICER. The Chair will state to the Senator from Indiana his request requires unanimous consent, because the yeas and nays have been ordered on the amendment of the Senator from Connecticut.

Mr. CAPEHART. Mr. President, I ask unanimous consent that the able Senator from Connecticut may modify his amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DODD's amendment, as modified, is as follows:

On page 14, after line 8, insert:

"(b) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1961 such sums as may be necessary from time to time to carry out the purposes of this chapter."

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. I should like to know what the time situation is. How much time remains against the amendment?

The PRESIDING OFFICER. Five minutes remain against the amendment.

Mr. CAPEHART. Mr. President, do I have the floor?

Mr. MORSE. I was merely making an inquiry as to the time.

Mr. CAPEHART. I understand. Mr. President, how much time remains on the amendment?

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. DODD. I wonder if the chairman of the committee will yield me 3 minutes to continue my statement.

Mr. FULBRIGHT. Mr. President, in view of the unanticipated development on the substitute, I ask unanimous consent that the previous agreement as to the limitation of time be rescinded, and that we revert to the regular 15 minutes to a side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. FULBRIGHT. Under those circumstances, I am willing to yield time to the Senator from Connecticut. The Senator from Connecticut has obtained some additional time. He has 5 minutes.

The PRESIDING OFFICER. The Senator from Connecticut now has 5 minutes.

Mr. DODD. Mr. President, I wonder if the clerk will read the amendment as modified, so we can understand how my amendment has now been changed.

Mr. FULBRIGHT. Mr. President, I did not hear the Senator.

Mr. DODD. I suggested that perhaps it would be well to have the amendment as now modified read to the Senate.

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAPEHART. Was not the unanimous consent request of the able Senator from Arkansas that the Senate revert to 15 minutes to each side with respect to the amendment?

Mr. FULBRIGHT. That is correct. The Senator from Connecticut has already used 10 minutes, and has 5 minutes remaining.

Mr. CAPEHART. That would not be true if the time reverts to 15 minutes to a side. Was there not a unanimous consent request that on the amendment 15 minutes be allowed to each side?

The PRESIDING OFFICER. The Senator is correct.

Mr. CAPEHART. The Senator has 15 minutes, and any Senator in opposition has 15 minutes.

The PRESIDING OFFICER. The Chair understood the request of the Senator from Arkansas to be that the time revert to 15 minutes to a side, against which was to be charged the time already used.

Mr. FULBRIGHT. The Senator had already used 10 minutes. I have no objection; but the Senator has 5 minutes.

Mr. CAPEHART. Have the yeas and nays been ordered, Mr. President?

The PRESIDING OFFICER. They have been.

Mr. DODD. Mr. President, I think every Senator understands the amendment. For the most part, the arguments have been made.

I think there is one observation worth making, which is that the coupling of military assistance with economic and technical aid has, in the eyes of millions throughout the world, distorted the whole image and intent of our programs. I do not make that as a major argument, but I think it is something to take into consideration.

People we seek to help have come to regard our economic and technical aid as merely a facet of what is essentially a selfish military program aimed solely at protecting the United States through making our friends the first line of our defense.

This has sapped from our foreign aid program the moral and ideological strength and impact it might otherwise have had. It has obscured the humanitarian impulses which in my judgment have made foreign aid possible.

There are many in this country who tacitly subscribe to the theory that the American people support foreign aid only because it has been sold to them as a military necessity. They honestly oppose the separation of military assistance from economic and technical aid because they feel the American people would not support nonmilitary programs of aid if they had to stand on their own merits before the bar of public opinion.

I do not agree. I think the American people would support them. I cannot believe otherwise. I think I understand our people and our history. I believe the American people will enthusiastically support these great humanitarian programs in the spirit of charity, and in the knowledge that this fortunate and wealthy land has a moral duty to assist the impoverished and needy peoples of the world.

This fortunate land of ours has a moral root. Some people do not like the word "moral," but I use it, and I shall continue using it in this Chamber so long as I am a Senator, because I believe it is one of the most important words in our language and in the language of every people. I say that this wealthy and fortunate land of ours has a moral duty to assist the impoverished and needy peoples of the world, and it is high time we faced the fact.

I am confident that economic and technical assistance can stand alone and can win the approval of the American people—not with apologies. I have heard apologies made. I think the American people will say, "This is right, and we ought to do it within our limitations." Within sensible limitations, it can be done.

By bringing these programs forward on their own merits, as unselfish attempts to elevate the general condition of

mankind—which is what we are trying to do—we will give to them a higher meaning, and we will place upon them a more enduring and a more appealing basis than they now have. This cannot but have a desirable effect, as it always does, on both the giver and the receiver.

That is what this is all about.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. DODD. I yield to the Senator.

Mr. KEATING. Mr. President, I commend the Senator for what he has just said. I agree with him completely. The military aid program should always have been in the Defense budget. It is just as much a part of the defense of this Nation as many of the expenditures now in that budget, or more.

When, by our military aid program, we give aid to South Korea or to Nationalist China or to any of the other countries, such as Turkey, a great ally, we are permitting them to maintain and equip troops, which would cost us 5 or 11 times as much to maintain in our own Army. In addition, we would require a greatly enlarged Army if we did not have our military aid program.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KEATING. Mr. President, I ask for 1 more minute.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. DODD. I do not have any more time. I was going to ask for a minute myself.

Mr. FULBRIGHT. Mr. President, I had agreed to yield 6 minutes to the Senator from Idaho [Mr. CHURCH] at this time. I do not know from whom the Senator from Connecticut can get time.

Mr. KEATING. Mr. President, may I be given 1 minute by whoever controls the time on the bill?

Mr. FULBRIGHT. Mr. President, I yield 1 minute to the Senator from New York from the time on the bill.

Mr. KEATING. I appreciate that very much.

If we did not have this program, it strikes me that our own national defense program might well be one-third to one-half more than it is today. So, in dollars and cents alone, without any other consideration, the military aid program is deserving of support. However, it should be divorced from the rest of the program. The rest of the program will stand on its own feet, and it should stand on its own feet. If it is not able to, then it should be washed out. The military aid program is a part of the defense of our country, and should come under the Department of Defense budget.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. Mr. President, I yield 6 minutes to the Senator from Idaho.

Mr. DODD. Mr. President, will the Senator from Idaho yield me a half minute?

Mr. CHURCH. I yield a half minute to the Senator from Connecticut, although I feel I will need 6 minutes.

Mr. DODD. Mr. President, I withdraw my request.

Mr. CHURCH. Mr. President, I am sorry I must oppose an amendment offered by so good a friend as the Senator from Connecticut, but I think this amendment would have far-reaching impact. It is the most significant amendment which has been offered, and it is being given very hasty consideration.

The distinguished Senator from Indiana has said he cannot understand why anyone would oppose the amendment. Other Senators have said that this is just a part of our military policy and is not to be regarded as a political question.

I could not disagree more strenuously. Mr. President, military assistance has always been, from its first conception, an arm of our foreign policy. It is not an integral, permanent, necessary, unquestioned part of our military defense. In the law the Secretary of State is given authority to decide, subject to the President's direction, whether we should have a military assistance program in any given country, and what the size of that program should be. This is proper, because military assistance is a part of the foreign policy of this country and not a part of our traditional Military Establishment.

Mr. President, let us examine for just a moment what this amendment would do. In the first place, it would transfer the authority from the Secretary of State and place it in the Department of Defense. This would mean that when the President made his military aid recommendations each year, they would not come to the foreign policy legislative committees of the Senate and the House of Representatives. The foreign policy legislative committees of both Houses would be bypassed and the recommendation would go to the Military Appropriation Subcommittees of the Appropriation Committees, and there would be implemented.

Also, the amendment would mean that an authorization for military assistance would be given for this year, for next year, and for all time to come, until the Congress positively decided otherwise, thus making permanent the military assistance aspects of this foreign aid program.

Mr. President, this matter was thoroughly debated before the committee. The proposal was decisively beaten in the committee after a careful appraisal of all its implications. I think the large majority of the members of the committee voted against this proposal because they feel that a continuing authorization, which would make permanent military assistance, is not in the national interest.

There are really searching and important reasons why we should question this military assistance, particularly as it is directed to the Middle East, South America, and certain other parts of the world. Let the Congress reappraise the program each year, and let its merits be reexamined in the Foreign Relations Committee, which, in the very nature of things, is the committee which best understands the foreign policy implications of military aid.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. CHURCH. I will yield as soon as I complete my statement.

Second, the effect of this amendment would not only be to write the military assistance program permanently into law, but it would mean that Congress would not have an opportunity each year to decide whether or not military assistance ought to be reshaped in the light of world developments.

We have already asserted our will by reducing military assistance authorizations by \$300 million. By that very act, we have registered the consensus of the Senate that the military assistance program has swollen too large, and that it should properly be reduced. But if this amendment is adopted we shall not have an opportunity each year to reconsider. Jurisdiction will be taken away from the legislative committee, the Foreign Relations Committee, and placed in the Appropriations Committee, a committee which already has extensive powers in every field of legislation. By this amendment we would increase those powers further.

Mr. DODD. Mr. President, now will the Senator yield?

Mr. CHURCH. I will yield as soon as I complete my statement. I am operating on limited time.

My final objection is this: The effect of this amendment would be to camouflage a part of the foreign aid program by incorporating it within the military defense program, so that the balance of the foreign aid program, when it is brought before the Congress, will be considerably less in amount, and the political impact at home will not be as significant or as great as it now is.

I do not believe that Congress should engage in an act of camouflage. We ought to label as foreign aid what is, and historically has been, foreign aid. We should stand up for the entire package, and let the legislative committee, the committee which properly exercises jurisdiction in this field, pass upon the program each year, and submit it to all Members of Congress to act upon.

Mr. MORSE. Mr. President, will the Senator from Texas yield me 5 minutes?

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Oregon.

Mr. MORSE. Mr. President, I should like to have the attention of members of the Foreign Relations Committee, and, through them, plead with my colleagues who are not members of the committee.

The objective of the amendment, as the Senator from Idaho has said, was thoroughly considered at some length in the Foreign Relations Committee, and the proposal was overwhelmingly defeated. As I recall, there were three or four votes for it, and the remaining members of the committee voted against it.

We are not talking here about a military appropriation for American military arms. We are talking about military assistance to the other countries, as a part and parcel of the mutual security program. We cannot avoid the inter-relationship of defense support, economic

aid, and military assistance. In effect, it is proposed to strip the Foreign Relations Committee of the Senate of full jurisdiction over the consideration of foreign relations problems. Military assistance is a vital part of the foreign policy of the United States, and should be handled by the State Department, and it should be channeled through the Foreign Relations Committee of the United States Senate. That is the conclusion we reached after thorough consideration, by an overwhelming vote.

The foreign aid program is sufficiently confused now, without our starting to split committee jurisdiction, without our proposing to treat the Appropriations Committee as a policymaking committee in a segment of American foreign relations. That is what we would do, in effect, if we were to transfer to a subcommittee of the Appropriations Committee jurisdiction over the subject matter, without its first going to the Foreign Relations Committee.

Any Senator who sits on the Foreign Relations Committee must look at our foreign relations problems as a totality. We have been talking about Pakistan. One must see the relationship between foreign military aid to Pakistan and foreign relations problems thereby created in India.

When we deal with Indian problems in the Foreign Relations Committee, they must be considered from the standpoint of the decisions we make with relation to foreign aid for Pakistan.

This year there was considerable discussion as to whether we should specifically earmark a cut in military aid for Pakistan, in part because of the effect it was having on American-Indian relations.

My plea is: Do not proceed to strip the Foreign Relations Committee of full jurisdiction over foreign relations issues, because it is very important that we be in a position to come before the Senate and give our advice, good or bad, depending upon how it is evaluated, on the total foreign relations picture of the United States.

Mr. KENNEDY. Mr. President, will the Senator from Texas yield me 2 minutes?

Mr. JOHNSON of Texas. I yield 2 minutes to the Senator from Massachusetts.

Mr. KENNEDY. I think the Senator from Oregon and the Senator from Idaho are making a most important statement. I think it would be a great mistake to remove the influence of the Foreign Relations Committee from this question.

Consider the question which the Senator from Oregon and I discussed the other day, as to whether to give military assistance to newly independent nations in West Africa. That is not a military question alone. This involves for example our relations with the French, and the whole nationalist movement in Africa.

It seems to me that if the Foreign Relations Committee has any competence, it should be brought to bear on questions of military assistance to foreign nations, so that we may weigh, for better or

worse, the effect of military assistance to some countries.

The Senator from Oregon spoke of Pakistan. It is most important what assistance we give Pakistan. It involves our relations with India, and all other countries in Asia.

I do not say that the Appropriations Committee should not have a voice. Under the provisions of the pending bill we give them a major voice. But I believe that the Foreign Relations Committee and the State Department should not have their jurisdiction cut away by this hastily considered amendment.

Mr. MORSE. I thoroughly agree with the Senator from Massachusetts.

I close with this comment, by way of a plea: Let us not, on the floor of the Senate, in a situation involving a limitation of debate, when we cannot go into questions which, as members of the Foreign Relations Committee we ought to be in a position to go into, proceed to adopt an amendment which, in the opinion of the majority of the Foreign Relations Committee, would strip us of vital jurisdiction.

In my judgment it would weaken the State Department in the whole field of foreign relations, and put us in such a position that we could not give to the Senate the benefit of a full report on all phases of American foreign relations problems.

Mr. McCLELLAN. Mr. President, will the Senator yield me 2 minutes?

Mr. JOHNSON of Texas. I yield 2 minutes to the Senator from Arkansas.

Mr. McCLELLAN. I should like to ask the distinguished Senator from Idaho if it makes any difference on earth, administratively, whether the program is under the Secretary of State or the Secretary of Defense.

Mr. CHURCH. It does not.

Mr. McCLELLAN. Is not the President the boss of both?

Mr. CHURCH. Yes.

Mr. McCLELLAN. He is the Commander in Chief. He can give orders to the Secretary of Defense. He fixes the foreign policy. He can give instructions overriding anything the Secretary of State may decide. Am I correct?

Mr. CHURCH. The Senator is correct.

Mr. McCLELLAN. One other issue in connection with this amendment is whether we wish to leave it to the legislative committee to come forward with legislative recommendations before the program goes to the Appropriations Committee for appropriations, or whether we wish, by this amendment, to establish a permanent authorization, thereby making necessary only an appropriation every year.

Mr. CHURCH. The Senator has made a most precise and accurate statement of the issue involved.

Mr. DODD. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the Senator from Connecticut.

Mr. DODD. Mr. President, I understand the concern of the Committee on Foreign Relations with respect to its jurisdiction; but I say respectfully that this is the least of their problems. They can check on the program every year

very well through the Appropriations Committee. I believe that the important thing to note in answer to these arguments is that the President wants it done; the Secretary of State wants it done; the Secretary of Defense wants it done; those in charge of our foreign aid program want it done. Everyone seems to want it done but some members of the Foreign Relations Committee.

Mr. MORSE. Mr. President, will the Senator from Texas yield to me on the bill?

Mr. JOHNSON of Texas. I yield 2 minutes to the Senator from Oregon on the bill.

Mr. MORSE. It is not true that everybody wants it done except certain members of the Foreign Relations Committee. We have a considerable record showing that many persons have referred to the very problem the Senator from Idaho, the Senator from Arkansas, and I have pointed out so far as the procedural matter is concerned. After all, we are talking about a longtime policy which ought to be separated from any present President of the United States or any present Secretary of State or any present Senator. We must decide how administratively and policywise this matter can best be handled in order to protect the foreign policy of the country and so that all these problems can be considered together under one tent, so to speak, by the Foreign Relations Committee.

It is suggested that the legislative committee recommendations should come to the floor of the Senate and then when authorizations are made, let the Defense Department go before the Appropriations Committee and offer testimony to justify the appropriation of specific amounts.

The PRESIDING OFFICER. The Senator from Arkansas has 4 minutes remaining.

Mr. JOHNSON of Texas. I yield to the Senator from South Dakota 3 minutes.

Mr. CASE of South Dakota. I am not entirely sure what the effect of this amendment would be, and I am not sure whether some of those who have spoken on the amendment are sure as to what the amendment would do. As I understand, the Senator from Connecticut has withdrawn his proposal to change the language from "President" to "Secretary of Defense," which leaves "the President" as the one to whom the 1960 appropriations for military assistance will be made. That is consistent, I think, with the concept of the bill.

The modification proposed by the Senator from Indiana, however, adds a new paragraph and provides as follows:

Beginning with 1961 there will be authorized to be appropriated to the President such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums are authorized to remain available until expended.

Mr. President, if I understand that language correctly, though I may not be correct, it means that if the amendment should be adopted and become law, from now on there will be a standing authorization to appropriate to the

President whatever sums the Appropriations Committee may decide it wishes to recommend and the Congress wishes to approve. In addition to that the language provides that the sums shall "remain available until expended."

The provision of that final clause will establish, if it becomes law and is upheld, authority for appropriations for foreign military assistance for a longer period than that for which appropriations can be made for the support of our own Army.

Do we really intend to say that although we cannot appropriate for the support of our own army for a longer period than two years that the funds we appropriate for military assistance shall remain available indefinitely?

Under the Constitution Congress can make appropriations for the support of the Army for not to exceed 2 years, and then the authority to expend the money lapses. An appropriation for the support of the U.S. Army cannot be kept alive for a period beyond 2 years. But in this instance it is proposed that the sums appropriated for foreign military assistance are to remain available until expended. If that is correct, I am not sure we wish to take such a step following a short debate.

The PRESIDING OFFICER. The Senator from Arkansas has 4 minutes remaining.

Mr. JOHNSON of Texas. I yield to the Senator from Illinois [Mr. DIRKSEN] 2 minutes.

Mr. DIRKSEN. Mr. President, I should like to ask the chairman of the Foreign Relations Committee a series of questions for the RECORD.

First, was this matter considered in its present form by the committee when they marked up the bill?

Mr. FULBRIGHT. It was considered in a form similar to the form of the amendment offered by the Senator from Indiana. There was considerable discussion.

This is a very difficult problem. The arguments in favor of the amendment in the committee were to the effect that the difficulties which this bill encounters in the Senate and in the House each year because of the size of the amount involved might be minimized if the request were put in the Defense Department budget, because by habit the Defense Department gets anything they desire, if not more. That was the argument made.

I believe the argument of the Senator from Oregon and the argument of the Senator from Idaho have much merit. The amendment would result in some control being retained by the legislative committee. That control, however, would be somewhat diluted by the fact that many of the foreign developments, such as the building of bases in Spain and north Africa, are not authorized in this bill. They are covered under the regular Defense Department budget, and commitments are created by that department, where our defense efforts are serviced. So the matter is not clear cut even under existing legislation.

The point the Senator from South Dakota made with respect to making

appropriations extend beyond 2-year terms is valid now. There is nothing new about that. We have that already provided for in the law. It does not change. This is a very difficult matter. I, myself, have been torn about it largely because of the difficulty encountered, as we have already encountered it here today and encountered last week in connection with the pending bill.

It was rather a sense of desperation in getting any enthusiastic support for such legislation that led some of us to say, "Well, turn it over to the military. They get anything they want. Nobody complains." If they wish \$40 billion or \$60 billion, I suppose they will get it. But there is a pennypinching attitude toward this legislation. I think it is erroneous, but nevertheless that is about what happens. The committee, as has been stated, voted against this amendment.

Mr. DIRKSEN. Mr. President, I should like to ask a second question, if the information can be disclosed. How did the committee pair off on this proposal?

Mr. FULBRIGHT. I do not believe there was a record vote. There was a long discussion and a voice vote. I have forgotten the vote. We had many roll-call votes, but I do not believe we had a rollcall vote on this proposal.

Mr. DIRKSEN. The third question is this: In the last report the Draper committee submitted they stated on page 3, which contains the recommendation of the committee, as follows—

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. DIRKSEN. I yield myself 2 additional minutes.

The report stated:

The military assistance appropriation should be placed in the Department of Defense budget in order to center responsibility for administering the program more positively in the Defense Department.

Did General Draper appear before the committee?

Mr. FULBRIGHT. I may say that report was furnished to the committee after the bill had been written up. We did not have the report before the committee when the discussion I mentioned took place.

Mr. DIRKSEN. The report is dated June 3.

Mr. FULBRIGHT. It was submitted to the executive department, but it did not come to our committee until after we had marked up the bill. There are two reports. The first one did come to us, but it did not contain that specific provision.

Mr. DIRKSEN. The fourth question I wish to ask is this: Was this proposal brought to the attention of the State Department and did they make some comment or testify upon this particular point?

Mr. FULBRIGHT. They did not recommend this procedure, as I recall.

Mr. DIRKSEN. The reason I raise that question is that 2 years ago—

Mr. FULBRIGHT. Two years ago they did, but I do not believe they recommended it in this form.

Mr. DIRKSEN. A number of Members of the Senate had a conference with the State Department in the Department itself, and we rather pressed the point at the time. They took a few days to consider the matter, and finally decided that probably it should not be proposed at that particular time. They may have had some reservation about the timing that was involved.

Mr. FULBRIGHT. It is my distinct impression the State Department did not recommend the proposal in the testimony submitted this year. I can check the record. The recommendation is the one the Senator just mentioned, the recommendation from the Draper committee.

Mr. DIRKSEN. I have still another question. Constitutionally, of course, appropriations for defense purposes are limited to 2 years at the outside. If I remember correctly, under the proposal there would be authorized money to be expended for military purposes with a no-year limit, which would go beyond the constitutional limits, and I wondered what obligation might arise as a result of the language that still persists in the bill.

Mr. FULBRIGHT. I may say that is presently in section 103, which authorizes—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DIRKSEN. I yield myself 2 more minutes.

Mr. FULBRIGHT. Already in the bill there is a provision that \$1.3 billion is to remain available until expended.

Mr. DIRKSEN. I have a final question. The President, of course, is in charge of the conduct of our foreign relations. To what extent does the proposal impinge on the authority of the Executive and remove from his hands the responsibility, or limit the conduct of foreign relations by the President?

Mr. FULBRIGHT. As has been said, the President, as Commander in Chief, can direct the Secretary of Defense and the military to assume the responsibility, if he wishes to do so. I think the result, at least psychologically, might be to minimize the effect of the State Department and the legislative committees. I think it would have that effect.

Mr. DIRKSEN. So far as the chairman of the committee may know, was this matter considered by the House Committee on Foreign Affairs?

Mr. FULBRIGHT. I do not think so, although I do not know. It is not in the House bill. So far as I know, the matter was not considered by the House committee.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from Connecticut.

Mr. DODD. Mr. President, I desire to modify my amendment by placing a period after "chapter." That, I believe, will cure the difficulty which the Senator from South Dakota has in mind.

Mr. CASE of South Dakota. I think that is correct. That leaves out the clause "which sums are authorized to remain available until expended," but provision would be made for authoriza-

tions to make appropriations from time to time.

Mr. JOHNSON of Texas. Mr. President, has not the Senator from Connecticut the right to modify his own amendment?

The PRESIDING OFFICER. Because the yeas and nays have been ordered on the amendment, unanimous consent will be required for the Senator from Connecticut to do so.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Connecticut may be permitted to modify his amendment as he has stated.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DODD. Mr. President, the language I desire to strike out is: "which sums are authorized to remain available until expended."

Mr. DIRKSEN. Mr. President, I have one observation to make, which is also in the nature of a question. Inasmuch as this matter has not been considered by the House committee or the House, it would be a fair assumption, I assume, that if the amendment should go to conference, it would get very careful treatment, certainly a little more than can be given to it under the limitation of time under which the Senate is operating at present.

Mr. FULBRIGHT. The Senator from Illinois is quite correct. I am certain the amendment would receive very serious consideration in conference, and that the House would have to be persuaded to take it. I imagine that without thorough testimony and recommendations it would be difficult for the House to accept the amendment.

Mr. DIRKSEN. I have no further observation to make. I am quite familiar with the recommendations of the Draper Committee. The amendment becomes applicable in fiscal 1961, as I understand, not in fiscal 1960.

Mr. FULBRIGHT. That is my understanding. The language, as I read the amendment, will not take effect until fiscal 1961.

Mr. DIRKSEN. It is definitely understood that the amendment applies to fiscal 1961, not to fiscal 1960.

Mr. DODD. That is correct.

Mr. DIRKSEN. So there would be a year of operation under the existing format, and the amendment would become effective a year later.

Mr. DODD. Yes. The amendment would give both departments an opportunity to make the necessary adjustments. It gives them plenty of time.

Everyone concerned favors the amendment. The President, who has the first responsibility for our foreign policy, favors it. The Secretary of Defense, the Secretary of State, and those in charge of the foreign aid program favor it. All we hear against it is the argument about committee jurisdiction.

Mr. DIRKSEN. I make this one concluding observation. I know that when we undertake to amend substantive law by changing a word or a phrase, so as to change the complete administrative control over a program having world-

wide proportions, we cannot quite determine or discern always exactly what we are doing. But now a safeguard is in effect, namely, that the amendment will have to go to conference, plus the additional fact that it will not become effective until fiscal 1961. So if, for any reason, modifications are necessary, there is sufficient time and latitude for that purpose.

Mr. FULBRIGHT. Mr. President, I yield 2 minutes to the Senator from Idaho.

Mr. CHURCH. Mr. President, I think it would be a grave mistake for the Senate, operating under a limitation of debate, to consider hastily and adopt an amendment which will have such ramifications as this amendment will have. I do not believe the amendment ought to be adopted on the argument that no one is against it: that the President is not against it, that the Department of Defense is not against it, that the Draper committee has recommended it.

I am against it. That may not be of much weight against such authority. Still, if I were the President of the United States, I would not be against it. It would make no difference to me whatsoever. The President of the United States can move either through his Secretary of Defense or his Secretary of State. If I were a member of the Department of Defense, I would favor the amendment.

If I were a member of the Draper committee, believing in a military assistance program, I might have recommended that the program be made permanent, as a part of our Military Establishment, and made a part of our defense budget.

But I am a Senator of the United States. The amendment will have real and important consequences on the legislative side.

We have considered the amendment very hastily. We have sought to modify it further by striking the words "which sums are to be available until authorized," so as to meet the objections of the Senator from South Dakota [Mr. CASE]. That is a very foolish way to legislate.

We know that this language has been included in the Mutual Security Act for years, because of the difficulty of providing \$500 million or \$1 billion and having to spend it within 12 months without wasting a lot of money. Now it is proposed to strike out that language after a few minutes of consideration and to adopt this amendment.

The effect of the amendment will be to write military assistance permanently into the law. Its intent is to allow the Pentagon to decide the amount of money required for foreign military aid, with the Appropriations Committee appropriating the money. Its intent is to take the power away from the legislative committee, the one which ought to know the most about the foreign policy of the country, and thus to reduce the power of Congress over the program, because at present the program must come back to Congress once a year for review. Under the amendment military assistance is authorized for all time to come,

until Congress takes positive action to change it.

I urge the Senate to reject the amendment.

The PRESIDING OFFICER. The Senator from Arkansas has 2 minutes remaining.

Mr. FULBRIGHT. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the modified amendment of the Senator from Connecticut [Mr. DODD] to the committee amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from Montana [Mr. MURRAY] are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

On this vote, the Senator from Minnesota [Mr. MCCARTHY] is paired with the Senator from Montana [Mr. MURRAY]. If present and voting, the Senator from Minnesota would vote "nay," and the Senator from Montana would vote "yea."

The result was announced—yeas 56, nays 37, as follows:

YEAS—56

Allott	Goldwater	Moss
Beall	Gruening	Mundt
Bennett	Hart	Neuberger
Bush	Hartke	Proxmire
Byrd, Va.	Hayden	Randolph
Byrd, W. Va.	Hennings	Russell
Cannon	Hill	Schoeppel
Capehart	Holland	Scott
Case, N.J.	Jackson	Smathers
Case, S. Dak.	Johnson, Tex.	Smith
Chavez	Jordan	Sparkman
Clark	Keating	Stennis
Dirksen	Kefauver	Symington
Dodd	Kerr	Talmadge
Douglas	Kuchel	Williams, N.J.
Eastland	Langer	Williams, Del.
Engle	Magnuson	Yarborough
Ervin	Mansfield	Young, N. Dak.
Frear	Morton	

NAYS—37

Aiken	Fulbright	Martin
Bartlett	Gore	Monroney
Bible	Green	Morse
Bridges	Hickenlooper	Muskie
Butler	Hruska	Pastore
Carlson	Humphrey	Prouty
Carroll	Javits	Robertson
Church	Johnston, S.C.	Saltonstall
Cooper	Kennedy	Thurmond
Cotton	Lausche	Wiley
Curtis	McClellan	Young, Ohio
Dworshak	McGee	
Ellender	McNamara	

NOT VOTING—5

Anderson	McCarthy	O'Mahoney
Long	Murray	

So Mr. DODD's amendment to the committee amendment was agreed to.

Mr. DODD. Mr. President, I move that the vote by which the amendment was adopted be reconsidered.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to table was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. GRUENING. Mr. President, I call up my amendment to the committee amendment to the mutual security bill, identified as "6-3-59-A," which I offer on behalf of myself and other Senators, and I ask to have it stated.

The PRESIDING OFFICER. The amendment to the committee amendment offered by the Senator from Alaska for himself and other Senators will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 9, between lines 12 and 13, to insert the following:

SEC. 402. In section 537(f), relating to presentation of authorization and appropriation requests, insert before the period: "Provided, That within ninety calendar days after the enactment of the Act making appropriations for the fiscal year 1960 for carrying out the purposes of this Act there shall be submitted to the Committees on Appropriations of the House and Senate detailed budgets on a country by country basis setting forth, with respect to military assistance, defense support, technical cooperation, and special assistance, the specific purposes in detail by amounts for which the funds available will be obligated during the fiscal year 1960, and such funds shall be available only for the purposes thus specified: *Provided further*, That during the annual presentations to the Congress of requests for authorizations and appropriations under this Act for the fiscal year 1961 and subsequent fiscal years, there shall be submitted detailed budgets on a country by country basis setting forth, with respect to military assistance, defense support, technical cooperation, and special assistance, the specific purposes in detail by amounts for which the funds requested and to be available will be obligated during the fiscal year for which such presentation is made."

Mr. GRUENING. Mr. President, on the amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. GRUENING. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Alaska is recognized for 2 minutes.

Mr. GRUENING. Mr. President, because of the limitation of time allotted to the consideration of each amendment, I shall speak briefly. I spoke at greater length yesterday on this amendment so that as much time as possible might be allotted to those who have co-sponsored this amendment.

It is a simple amendment, and is set forth on page 11540 of the CONGRESSIONAL RECORD for yesterday. There too will be found my remarks in explanation of it, as well as a copy of the letter I received from the Comptroller General in which he states in part:

This Office is in accord with the objectives of your amendment.

What would our amendment do?

It would simply bring the foreign aid programs under the same budgetary and accounting controls presently applicable to domestic controls. It would call for the submission of firm budget estimates. It would require that the administering agencies adhere to such budgets. It would permit program flexibility by permitting the President's discretionary fund to remain at his disposal to meet unexpected contingencies.

It had been my hope that the distinguished chairman of the Foreign Relations Committee, the able junior Senator from Arkansas [Mr. FULBRIGHT], and his committee would see their way clear to accepting this amendment. My admiration for the junior Senator from Arkansas is great and his leadership in the field of foreign affairs is manifest in many of his accomplishments, not the least of which is the international scholarship program which bears his name.

The Fulbright scholarships are among the imaginative, pioneering, constructive, and invaluable ventures in promoting understanding, good will, and amity among the peoples of the world. Their value is incalculably great, and that value is annually compounded. Senator FULBRIGHT's name will be imperishably and deservedly linked with this universally acclaimed program in sound internationalism.

I hope, therefore, that he will appreciate that this is not a pro-foreign-aid or an anti-foreign-aid amendment. It is simply an amendment designed to assure that Congress will regain control over the appropriations and expenditures for foreign aid. It is my hope that with such resumption of congressional control, public support for the better aspects of this program—support which I believe is today at its lowest ebb—will be regained.

I urge the adoption of this amendment.

Mr. FULBRIGHT. Mr. President, does the Senator from Alaska wish to yield to other Senators?

Mr. GRUENING. Mr. President, I should like to yield to the distinguished Senator from North Carolina [Mr. ERVIN].

Mr. FULBRIGHT. I was willing to yield time if the Senator from Alaska was not.

Mr. ERVIN. Mr. President, I should like to say it seems to me this is a most salutary amendment. It is an amendment which is calculated to reserve to the Congress the power which the Constitution gives it, namely, the power of the purse. It seems to me that anyone who believes Congress ought to retain the place which the Founding Fathers intended it to occupy in the scheme of our Government ought to favor the amendment.

I therefore hope the amendment will be adopted.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GRUENING. I yield to the Senator from Illinois.

Mr. DOUGLAS. Mr. President, I am very happy to support the amendment. Like many other Members of this body, I have been handicapped in knowing how to vote, because we are not furnished with adequate information as to where the military assistance goes, where the defense support is paid, the justification for those expenditures, or any of the information which is necessary for a sound judgment. So in effect we have to vote in the dark, upon the say-so of administration officials, and such information as may be bootlegged to us.

I think the proposal of the Senator from Alaska is a very sound one. I hope it will be adopted.

Mr. PROXMIRE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. How much time does the Senator from Alaska yield to the Senator from Wisconsin?

Mr. GRUENING. Two minutes.

Mr. PROXMIRE. I, too, enthusiastically support the amendment. I think it is a sensible amendment, an amendment which I think the Congress of the United States owes the American people. The fact is that what the amendment does is make the mutual security bill specific—much more specific and exact than it has been, instead of general.

I think the most significant part of the amendment is in the language which reads:

The Committees on Appropriations of the House and Senate detailed budgets on a country by country basis setting forth, with respect to military assistance, defense support, technical cooperation, and special assistance, the specific purposes in detail by amounts for which the funds available will be obligated.

That is the heart of the amendment. It is true that those in opposition to the amendment may argue it is too inflexible and does not give the President an opportunity to shift as conditions change. As the Senator from Alaska pointed out in his speech, and I think this is most important, the President has a contingency fund which amounts to approximately 10 percent of the mutual security program, or at least 10 percent of the amount affected here. The 10-percent flexibility should be ample.

It is extremely important that when we vote on mutual security we should know what we are voting on. In this amendment, as offered by the Senator from Alaska, it seems to me Senators have an opportunity to understand what the administration is asking for and to understand what the committee has approved.

Therefore, I enthusiastically support the amendment of the Senator from Alaska.

Mr. CHAVEZ. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alaska yield?

Mr. GRUENING. Mr. President, I yield with pleasure to the distinguished Senator from New Mexico.

Mr. CHAVEZ. Mr. President, I shall support the amendment offered by the Senator from Alaska. It appears to me that the Committee on Appropriations, which is the committee which would have to recommend the appropriations to carry out the purposes of the authorization, would be in a better position than any other group to judge correctly and to make recommendations to the Senate as to the amount of money necessary. Therefore, I feel the amendment would be in the interest of good government, and would provide a good way to handle the money of the American people.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. GRUENING. I yield to the distinguished senior Senator from Virginia.

Mr. BYRD of Virginia. Mr. President, I am strongly in favor of the amendment. Of all the activities of the Government, there is none more difficult to obtain information about than foreign aid in its various forms. I think the amendment would do a great deal to enable Congress to ascertain upon what we are voting. I very much favor the amendment, and I hope it will be adopted.

Mr. CASE of South Dakota. Mr. President, will the Senator yield 1 minute to me?

The PRESIDING OFFICER. Does the Senator from Alaska yield to the Senator from South Dakota?

Mr. GRUENING. I am happy to yield to the Senator from South Dakota.

The PRESIDING OFFICER. How much time does the Senator yield?

Mr. GRUENING. I yield 1 or 2 minutes to the Senator from South Dakota.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 2 minutes.

Mr. CASE of South Dakota. Mr. President, to know whether one wishes to support the amendment one only needs to read the amendment. What is wrong with requiring—

That within ninety calendar days after the enactment of the Act making appropriations for the fiscal year 1960 for carrying out the purposes of this Act there shall be submitted to the Committees on Appropriations of the House and Senate detailed budgets on a country by country basis setting forth, with respect to military assistance, defense support, technical cooperation, and special assistance, the specific purposes in detail by amounts for which the funds available will be obligated during the fiscal year 1960—

And then that thereafter—

during the annual presentations to the Congress of requests for authorizations and appropriations under this Act for the fiscal year 1961 and subsequent fiscal years, there shall be submitted detailed budgets on a country by country basis setting forth, with respect to military assistance, defense support, technical cooperation, and special assistance, the specific purposes in detail by amounts for which the funds requested and to be available will be obligated during the fiscal year for which such presentation is made.

It seems to me that to read the amendment is to commend it. I certainly intend to vote for it.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. RUSSELL. I desire to say to the distinguished Senator from South Dakota that I wholeheartedly agree with his statement. It seems to me that, if the Congress is to maintain its position as a coordinate branch of the Government, we should be informed as to every detail of this program.

Mr. CASE of South Dakota. I thank the Senator.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. GRUENING. I yield with pleasure 1 minute to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. CAPEHART. Mr. President, I do not think anyone can quarrel with the idea that the Senate or the Congress ought to know about these things. Of course, Congress gets a detailed report at the end of the year. No information is kept from the Congress.

As a matter of being practical, why do Senators want to tie the hands of executive officials by obligating them within 90 days after the enactment of a foreign-aid bill to do certain things, when, after 91 days or 100 days, it may be that will prove to be the wrong thing to do. Then they would have to back up. Why tie their hands? Why advertise to the world what we are to do for each country?

As a practical matter this proposal would not work out, in my opinion.

Perhaps we ought not have foreign aid. Perhaps we ought not do these things. That is a horse of another color. That is an entirely different situation. However, if we are going to do these things—which is, of course, up to the Congress to decide by the votes of its Members—then why should we make it hard for these agencies to operate? Why should we pick 90 days rather than 60 days? Why not say 6 months? The law requires a report at the end of the year. I think with respect to most projects reports are made quarterly, or semiannually. I am not exactly sure when the reports come in, but certainly there are yearly reports. Of course any Member of Congress, or any committee of the Congress, can ask any department to submit information as to exactly what it is doing at any time. If we provide that this be so limited, it seems to me we will defeat the very purpose we are trying to achieve.

Mr. GRUENING. Mr. President, I think the time of the Senator from Indiana has expired.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. GRUENING. I yield to the Senator from Georgia.

Mr. RUSSELL. Mr. President, the distinguished Senator from Indiana referred to horses, and said this was a horse of another color. The Senator suggested that we wait for a report until the end of the year. It occurs to me that if we are going into that field we should be reminded of the old adage about locking the stable door after the horse has been stolen. If we wait until the end of the year the report will be practically valueless.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. RUSSELL. I am glad to yield.

Mr. CASE of South Dakota. The suggestion made by the Senator is that we wait until after the year is over. We would not even know the color of the horse until after we had bought him.

Mr. RUSSELL. We would get a report that the horse was there, but he would be long since gone.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. GRUENING. I yield 1 minute to the Senator from Indiana.

Mr. CAPEHART. I wish we had time to check the law as to when a report is

required; whether it is every 30 days, quarterly, semiannually or yearly. All these agencies report yearly.

I have no objection to requiring that there be a report, but in my opinion, in regard to this operation, we would be defeating the very purpose we are trying to achieve by agreeing to the amendment.

I am not arguing that point at all. Perhaps we ought not have anything of this sort. Perhaps we ought not have foreign aid or do any of these things. However, if we are going to do them, let us try to do them in the most practical, sensible, common horsesense way we can, so as to be the most efficient.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GRUENING. Mr. President, I merely wish to say that the purpose of the amendment is to apply to foreign aid appropriations the same procedures we apply to domestic aid. If something is to be built in the State of Indiana or any other of the 49 States, through the Government, it is necessary to go through the usual procedures of having it authorized by the appropriate committees and having it considered by the Appropriations Committees of the two bodies. That is not the case with regard to foreign aid. The result is that the administrators of foreign aid have committed many errors, which could have been corrected if the Senate and the House of Representatives had an active participation in deciding what should be spent, and if the administration had to adhere to the desire of Congress as to how it should be spent.

Mr. FULBRIGHT. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 5 minutes.

Mr. FULBRIGHT. Mr. President, I appreciate the kind words of the Senator from Alaska. He was more than generous in his praise of another program, and I regret very much I am unable to support the amendment.

The Senator says this is a simple amendment. It deals, however, with an extremely complicated subject. I do not think there is any amendment, other than the one pertaining to the Development Loan Fund, which is more dangerous and more difficult to accommodate to than this amendment. I think this amendment would completely disrupt the administration of the program.

The program can absorb a reasonable cut here and there, as the Senate has chosen, but I do not think it could survive an amendment such as this one.

I think it is noteworthy that those who are known to oppose the program in toto are the principal sponsors and cosponsors of the amendment.

The Senator from Georgia [Mr. RUSSELL] has never made any pretense that he favors this program as a whole. He usually is very frank about supporting any amendment which is designed to kill the program. I think if we wish to kill the program, or to hamstring it so that it cannot operate in any reasonable manner at all, adopting the amendment is the way to do it, indirectly.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I think the more frank and honest way to act is to vote the program down and eliminate it, because by adopting the amendment the program would only struggle along. We would get annual reports, from the other body particularly, highlighting and publicizing mistakes and inefficiencies in a program which could not possibly operate efficiently with a restriction of this kind.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. Is it not true that most agreements and most understandings reached are reached after 18 months or 24 months?

Mr. FULBRIGHT. The Senator is quite correct.

Mr. SALTONSTALL. It would be impossible, after the money is appropriated, to make agreements with these countries in 90 days.

Mr. FULBRIGHT. The Senator is correct.

I submit that the Senator from Alaska is in error in using the analogy of a program in the State of Indiana, which he did. There is a great difference between dealing with the State of Indiana and dealing with a foreign country, which has its own sense of dignity and sovereignty. One cannot get an agreement with another country and then come back to change it and expect the people in the other country to be happy about it.

If this amendment should be adopted, we certainly would have no hope at all for creating any amount of good will or cooperation.

Mr. SALTONSTALL. Mr. President, will the Senator yield further?

Mr. FULBRIGHT. I yield further.

Mr. SALTONSTALL. Is it not also true that in the second proviso, for the year 1961 and thereafter, the authorizations and appropriations are all to be listed by country?

Mr. FULBRIGHT. The Senator is correct.

Mr. SALTONSTALL. Suppose the Congress cut something out with regard to Pakistan but left money, we will say, for India; or cut money out for Lebanon and put in money for Syria; or something like that. Would that not create a great deal of diplomatic difficulty?

Mr. FULBRIGHT. The Senator is quite correct. It would be a source of great misunderstanding and ill will, rather than cooperation and understanding, if we were to adopt this amendment.

The Senator leaves the inference, I think—at least it is possible to infer from the statement of the Senator from Alaska—that the Comptroller General is in favor of the amendment. I submit that he is in no sense in favor of it. The paragraph which the Senator quoted is one paragraph. However, if we read a little further, we see that the Comptroller General says, after saying that he favors the objectives:

On the other hand, because of the special role of the mutual security program as an instrument of U.S. foreign policy and a protection of U.S. security interests, we have

considered it necessary to recognize, within reasonable limits, the need for flexibility in carrying out program plans and allow for changes which affect the nature and size of planned activities. Thus, we have not deemed it appropriate to recommend a legislative requirement which would hold the executive branch responsible for strict adherence to its budget plans.

Regardless of our own position in the matter, we believe that it involves a question of policy which is for the Congress to decide, and we desire to assist you in any possible way in formulating a workable amendment which would accomplish the objectives expressed by you.

In other words, he is saying very politely, "Your amendment is unworkable, and we cannot approve it, but we shall be glad to cooperate in trying to fashion one that is workable." I object to leaving the impression that the Comptroller General favors the amendment as submitted to the Senate.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CHAVEZ. Irrespective of the decision of the Comptroller General, is it not a fact that if we allow 90 days the State Department will make it a point to make the commitment in 90 days?

Mr. FULBRIGHT. The Senator is one of the greatest authorities in the country on public works procedures. I believe that public works procedures in this country are efficient, but I think they are inapplicable in dealing with a foreign country especially in view of the fact that, as the Senator has already stated earlier in the debate, he very likely will cut the authorization, or advocate cutting it, by 50 percent.

Mr. CHAVEZ. Not only that, but I may even vote against the bill.

Mr. FULBRIGHT. I would not be surprised at that. Any Senator who favors this amendment ought to vote against the bill. This is merely an indirect way of being against the bill. I do not quarrel with any Senator who is against the bill.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. FULBRIGHT. I yield myself 3 more minutes.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. GRUENING. I refer to the statement of the Senator from Arkansas that the Comptroller General does not endorse this proposal. The entire text of his letter was printed yesterday in the CONGRESSIONAL RECORD, at page 11542.

Mr. FULBRIGHT. He certainly does not.

Mr. GRUENING. Let me illustrate. The first paragraph, of which I quoted a part, reads as follows:

This Office is in accord with the objectives of your amendment.

Mr. FULBRIGHT. Mr. President, I regret that I cannot yield the Senator all my time to read that long document. I have already called attention to the paragraph on page 11543, in the first column. The letter is too long to read. It would require 30 minutes, and I have only 3 or 4 minutes.

Mr. GRUENING. I shall read it on my own time.

Mr. HOLLAND. Mr. President, will the Senator yield to me for a question?

Mr. FULBRIGHT. I shall be glad to yield for a question. There are two or three further points I wish to develop.

Mr. HOLLAND. Would it not be true that after 90 days from the passage of this act all flexibility of every kind would be destroyed with reference to the four activities covered by the amendment, namely, military assistance, defense support, technical cooperation, and special assistance? That regardless of any emergency which might arise in the world after 90 days, there could be no change whatever in any of those four programs?

Mr. FULBRIGHT. The Senator is quite correct; and I think that is a fatal defect in the amendment.

Mr. HOLLAND. In years following this year if the pending amendment should go into effect, it would not be a temporary amendment, but a permanent amendment. Is it not true that after the passage of the new law in any year based on a budget freezing the operations under these four very important objectives, in the furnishing of the aid during that year no change could be made, notwithstanding any change in status throughout the world, or a change in need for operations under the military assistance, defense support, technical cooperation, or special assistance programs?

Mr. FULBRIGHT. The Senator is quite correct. The entire sense of the act was to recognize the changing nature of the world in which we live. We have tried to provide the maximum flexibility. Conditions in Africa are changing rapidly. Conditions in the Taiwan Straits changed suddenly last year. We can expect changes all over the world.

I believe that the pending amendment is equivalent to destroying the program. I refer Senators to section 513 of the Mutual Security Act of 1954, as amended, which requires notice to legislative committees of action taken under the act. I have not the time to read it. It provides for ample notice to the Congress as to what is being done.

One last point. The Senator from Illinois and other Senators have said that it is impossible to obtain any information about this program. Senators can obtain all the information they desire if they will step downstairs one floor to the office of the Committee on Foreign Relations. Every Member of this body and the other body is welcome to see all the data which explain every aspect of the program. Up to now the Congress has agreed that much of this material should not be publicized in the press because of the controversy which would inevitably arise among the various recipient nations.

The PRESIDING OFFICER. The additional time allotted to the Senator has expired.

Mr. FULBRIGHT. Mr. President, I yield myself 2 more minutes.

As a matter of good public relations certain portions of this information should not be made public. But any

Senator who does not think he knows enough about the program is welcome to read anything he wishes. It is well known that this information is available. The executive branch has never been averse to making available to Members of this body as a whole, as well as members of the committee, any pertinent information.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. Does not the Senator feel that in adopting such an amendment we would really be going further to tie our hands in the field in which the Russians excel us, namely, the field of initiative, and the masking of their designs? Does not the Senator feel that if we adopted this amendment we would be giving the Russians an advantage by reason of a type of rigidity in our program which would only give them a decided advantage in pursuing their own foreign aid program?

Mr. FULBRIGHT. That is one aspect of the question. However, the important fact is that the adoption of this amendment would make administration of the program impossible. It would complicate it beyond all tolerance, and it would break down. In effect, if any Senator is opposed to the program, it would be the proper thing to vote for this amendment.

Mr. HICKENLOOPER. Mr. President, will the Senator yield me 3 minutes?

Mr. FULBRIGHT. I yield 3 minutes to the Senator from Iowa.

Mr. DIRKSEN. Mr. President, I yield 2 minutes under the bill to the Senator from Iowa.

Mr. HICKENLOOPER. Mr. President, I thoroughly agree with the Senator from Arkansas that this amendment would be destructive to the working of the bill. I do not charge anyone with attempting to destroy the legislation, but if this amendment were to go into effect it would have a more destructive effect on the operation of the foreign aid program than would other proposals which have been passed upon heretofore by the committee.

This amendment was considered by the Foreign Relations Committee and was turned down as being completely impractical and impracticable.

The fact of the matter is, as the chairman, the Senator from Arkansas, has pointed out, we are dealing with sovereign foreign governments. We are not dealing on a contractual basis with States or with individuals, that is, States within this country. I know of no other department of the Government of the United States which, within 90 days of the enactment of legislation affecting it, has to report meticulously all the details of its allocation of funds, exactly where they are to be spent, and be held meticulously to that report. I do not think it would be practical in this country for such legislation to work. To say that it would work in dealing with foreign countries I believe is to be utterly impractical.

Who knows 60 days or 90 days from any given period of time what the situation is going to be in some country whose politics is more or less volatile from time

to time? There has to be resiliency in this program. There has to be some flexibility, some room for movement. There has to be some ability to back up, change and redirect the operations if this measure is to serve the foreign policy of the United States and the free world.

Mr. President, I am more afraid of this amendment than any other amendment which has been offered, and I say frankly and sincerely, having followed this program ever since it was started a good many years ago, while I was a member of the Foreign Relations Committee, this is the most dangerous amendment to the success of our whole foreign relations program I have seen proposed in connection with such legislation.

I do not accuse anyone, nor even suggest, intimate or believe that anyone who may support this amendment intends to scuttle the foreign aid program. I do not mean that at all. But I am saying that that will be the effect, and I agree with the chairman that if one supports this amendment, he might just as well vote against the whole program as an opponent of foreign aid and the foreign assistance operations of the Government in its foreign policy.

Furthermore, I wish to join the chairman in his interpretation that the Comptroller General's letter is not an endorsement of the amendment at all. In fact, as I read it, I agree with him that it is in opposition to the amendment because it is not a practical amendment and its operation cannot serve the purposes which our policy in the foreign aid legislation really intends to serve.

I feel very deeply and very sincerely that this amendment would be destructive. It would put the whole foreign program into such a straitjacket that it would defeat its own purpose in large measure. It would destroy the flexibility and the very utility of this program, which is so necessary, as was pointed out by the Senator from New York.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HICKENLOOPER. May I have 1 more minute?

Mr. DIRKSEN. I yield 1 additional minute to the Senator from Iowa.

The PRESIDING OFFICER. One more minute is yielded.

Mr. HICKENLOOPER. One of the competitive situations in the world today is that Russia is able to move with great secrecy and without broadcasting to the world every item of its operations, every future program, everything it intends to do, but here we propose to broadcast to the world everything that we not only propose to do but to freeze ourselves in a strait jacket to do it, and to do nothing else in the future. I agree that that is one of the greatest bits of information which those who would like to destroy our particular type of operation could have. I can imagine nothing that would be more valuable.

I hope the amendment will be defeated if we are to continue our interest in the maintenance of a vigorous foreign aid program.

The PRESIDING OFFICER. The Senator from Arkansas has 1 minute; the Senator from Alaska has 1 minute.

Mr. JOHNSON of Texas. May I yield to the Senator from Kentucky to use the remainder of my time?

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. COOPER. Mr. President, I can speak from some experience, about the effect of the amendment before us—if it should be adopted. This amendment seems attractive and reasonable but it cannot work. Negotiations about projects of various kinds go forward for months between the United States and the country to be aided and sometimes a third country which may be contributing to the project may be involved. In most cases it is impossible to get agreement on a project until the money has been actually appropriated by Congress and allocated to a country. So the requirement that detailed projects must be submitted to the Appropriations Committee is meaningless. But assume a case where it would be possible to get an agreement. If Congress did not appropriate the money and there is no assurance that it would do so, the agreement would fall on its face. I can tell you there could be nothing more fatal to the political interests of the United States and our good relations with a friendly country than to have the Congress fail to act to provide the funds, after the project and the sum negotiated had appeared in the budget. I tell you it will not work, and further I agree wholly with the speech made by the distinguished Senator from Iowa. It would place foreign policy decisions in the Committee on Appropriations and in a strait jacket.

The PRESIDING OFFICER. The time of the Senator has expired. The Chair recognizes the Senator from Alaska.

Mr. GRUENING. Mr. President, reference was made to the letter of the Comptroller General of the United States, and I wish to point out that he has stated:

Thus, we have not deemed it appropriate to recommend a legislative requirement which would hold the executive branch responsible for strict adherence to its budget plans.

We have a 10 percent flexibility under section 501 of the act which is ample to take care of emergencies, and certainly meets the Comptroller General's reservation about strict adherence, and in the concluding paragraph of the Comptroller General's letter he suggests proposed amendatory legislation which is almost identical with the wording proposed in my amendment. This is his language:

During the annual presentation to the Congress of requests for authorizations and appropriations of military assistance under this act, there shall be submitted a clear and detailed explanation on a country-by-country basis of the force objectives toward the support of which such assistance is proposed to be furnished; the projected costs of equipping and the annual recurring costs of maintaining such force objectives, together with the estimated costs of present plans for modernizing such force objectives; an explanation of the degree to which such force objectives had been equipped, maintained,

and modernized under programs already approved; the accomplishments to be achieved with the funds currently being requested, and estimates of the time-phased costs for carrying out the remainder of the program.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JOHNSON of Texas. I yield 1 minute to the Senator from Nevada.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nevada.

Mr. CANNON. Mr. President, I have always been in sympathy with the economic, political, and humanitarian aims of our foreign aid program. But I feel that in the general discussion of being for or against foreign aid, the administration, as well as the Congress, has lost sight of the serious faults involved in administering this vast and costly program.

I think that supporters of foreign aid ask too much of the American taxpayer when they demand blank-check spending on everything that bears the name "foreign aid."

Because we are sympathetic toward the purposes of foreign aid, some proponents of the program have exploited these sentiments and have used the spending of \$72 billion in the last 13 years to cover a multitude of sins.

Mr. President, I support the Gruening amendment because it serves as a warning to the present architects of this foreign aid legislation that the Congress will not swallow anything that does not justify these expenditures.

No one can say with certainty how much of our Treasury has been dissipated by waste and mismanagement of this program. I believe that the figure runs into billions of dollars of taxpayers' money.

It is inconceivable to me, despite all the halfhearted, half-truths that have been used in opposition to a line-by-line, itemized account of the expenditures.

Those who blindly accept foreign aid without question offer us a terrible and totally unacceptable alternative: blank check spending or no spending at all. The Senator from Nevada does not believe that anything short of total justification for this program should be approved.

Only a short time ago the President vetoed the housing bill, which would have solved some real needs in this country. In the name of economy the administration seeks to rip the financial heart out of the housing bill. Yet, we are asked to send billions abroad without even knowing where the money is going, what it is to be used for, what our goals are, and when the program will end.

No wonder the American people are so doubtful and apprehensive about our entire foreign aid program and our dollar diplomacy.

The amendment we are considering would make available to the Senate the budget that is used to support our foreign aid formula. It asks no more than that the accounting procedures which are followed on the domestic level be the guide on our foreign expenditures. If the present system is continued, it will

perpetuate a system of taxation without representation—and this has always been obnoxious since the very beginning of our country.

The author and supporters of this amendment are reasonable men. They have not sought to interfere with sections of this bill relating to special contingencies that might arise, that would permit a 10 percent shift in funds to meet changing world conditions.

As the Senator from Alaska has very properly pointed out, there is a great need for the Congress to reaffirm its power over the purse; and to follow the constitution itself, where it is provided that "no money shall be drawn from the Treasury but in consequence of appropriations made by law."

I thank the distinguished majority leader for yielding a minute of his available time to permit me to make my statement.

Mr. JOHNSON of Texas. I yield 1 minute to the Senator from Oklahoma.

Mr. MONRONEY. Mr. President, the amendment provides that detailed budgets on a country-by-country basis, setting forth the specific purposes for which funds shall be available, must be submitted.

We are practical men. We know that before the Appropriations Committee come hundreds of requests, very few of which go through in the way they are proposed or in the way they have been previously authorized by Congress. Usually the process is one of cutting down and fitting into a predetermined allocation the amount which will go to the various states or projects.

I fear, together with the distinguished chairman of the Committee on Foreign Relations, that the amendment would completely end any effective foreign aid. It would make the program completely negative in its effect. I think it would be necessary to consider doubling the size of our ambassadorial staff and to try to explain away the injuries done by the reduction or the refusal, once an item had been proposed as a line item and then had been cut or killed by the Committee on Appropriations.

This is no way to make friends throughout the world. It is no way to stabilize the governments which we are seeking to help. Once an appropriation which is a line item has been cut, such as the amendment proposes, we will have helped to upset those governments because they will have lost face with the United States. That means a great deal to the support of the U.S. Government by a foreign country.

I think the amendment is hasty, ill advised, and extremely dangerous. It will build ill will and will save no money in our operations.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. SALTONSTALL. The program is one to create good will. The amendment would kill the good will, because if the appropriation for a certain country were reduced, that would create very bad feeling in that country.

Mr. MONRONEY. The Senator from Massachusetts, who is the second rank-

ing minority member of the Committee on Appropriations, knows that there is no appropriation bill which does not suffer at least two or three definite cuts or reductions. To consider reductions in the line items for this program would be a diplomatic affront to the nations concerned. It would unsettle their financing and would weaken further the stability of governments in underdeveloped areas. This is the wrong way to go about doing a right thing.

Mr. DIRKSEN. Mr. President, I yield myself 5 minutes.

It seems to me that one need only read the language of the amendment to see how devastating its effects will be. It applies to four categories of aid in the bill. It involves about \$2,500 million for military assistance, defense support, technical cooperation, and special assistance.

The amendment provides that, country by country, it will be necessary to set up in detail, and by specific purposes and amounts, the funds which will be available and will be obligated during fiscal 1960, and that such funds shall be available only for the purposes thus specified.

The amendment applies to technical cooperation. The bill provides, or at least the budget estimates provide, a little money for Uruguay, \$200,000. It provides \$2 million for Peru. Suppose it were desired to transfer \$50,000 from Uruguay to Peru. It could not be done under the amendment, because by specific amounts, that is where the money is to go. If it does not go to that country, it cannot be obligated.

The net result is what? This could well be called an amendment to encourage waste. The bill deals with 60 countries. It deals with a diversity of commodities and services so great that it would be difficult to recite them in a book. But every one of them, under the amendment, would have to be obligated for specifically. If we failed to do that we would be in difficulty with the Comptroller General of the United States. How to preserve any flexibility whatsoever under the amendment is more than I know.

I saw the surveys which were made in Vietnam, in Thailand, in Korea, and elsewhere. It takes several years to get affairs in order, to find out what is to be done in the health field, the educational field, the industrial field, and the military field. Perhaps when the surveys have been completed, the conditions have changed.

What is a fieldman to do? Is he to say, "Well, I can't change it and devote it to another purpose, so I might just as well go through with the plan and spend the money, even though it is not needed"?

When one is 10,000 miles from home, this proposal becomes an awful lure, when we stop to consider the time and the paperwork which are necessary in order to keep in the good grace of the Comptroller General.

I never saw such a straitjacket as is contemplated in the amendment. The whole program would be made an exercise in sheer futility, if the amendment

were adopted. The amendment has great appeal. There are a good number of sponsors of the amendment. I think if they had caught me on the run, they might have got me to become a cosponsor, if I had merely had the time to examine the words which are there. But when the provisions of the amendment are spelled out at the field level and it can be seen what will be done to the administrators in the field, let no one, if the amendment shall be adopted, ever utter another note of criticism against any person in the whole international cooperation picture who may be working in one of the 60 countries where this aid is to be applied.

The amendment ought to be overwhelmingly rejected, for it will nullify the program as nothing else can do.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. ALLOTT. Mr. President, as one of the cosponsors of the amendment, I examined the amendment. Being very much interested in the fact that Congress has to get and keep control of its finances, I thought the amendment would provide a very good way to do that. I must say that at this time, as I have looked at the amendment again and have considered my action, there are many implications—and this has been occurring during the past few weeks—that the amendment would do much that I could not support. For that reason, although I am a cosponsor of it, and as I mentioned to the Senator from Alaska a few minutes ago, I cannot support the amendment. The reasons I cannot support it are the reasons which the Senator from Illinois, the Senator from Oklahoma, and the Senator from Arkansas mentioned a few minutes ago. In fact, after having had the opportunity to hear the debate upon the amendment, and having had a few weeks in which to discuss it, I believe that what I thought was a very well-intentioned action on my part was not a well-intentioned action at all, because the amendment will place in a strait-jacket the very program I intended to help. Therefore, I will not support the amendment. In fact, if the amendment shall be agreed to, I must vote against the bill.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the Senator from Vermont.

Mr. AIKEN. Mr. President, there has been so much confusion and misunderstanding about the amendment that it seems to me the best thing to do would be to move to table it. I do not want to prevent any Senator from speaking on the amendment. If I may reserve my last 15 seconds of the 2 minutes which have been yielded to me, I shall move to table the amendment. However, I do not want to prevent any Senator from speaking if he has time in which to speak on the amendment.

Mr. GRUENING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Alaska will state it.

Mr. GRUENING. Is the motion proposed to be made by the Senator from Vermont in order?

The PRESIDING OFFICER. It would be in order after the time on the amendment has expired.

Mr. GRUENING. How much time have I remaining?

The PRESIDING OFFICER. The time of both sides on the amendment has expired.

Mr. GRUENING. I should like to have 2 minutes on the bill.

Mr. JOHNSON of Texas. Mr. President, I hope the Senator from Vermont will withhold his motion.

Mr. HUMPHREY. Mr. President, I have just suggested to the Senator from Alaska that possibly he would like to conclude the debate on his own amendment. If it is agreeable to him, I should like to make my comments on the amendment.

I ask the majority leader if he will yield 3 minutes to me.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that 2 minutes be allowed the author of the amendment, the Senator from Alaska [Mr. GRUENING]; that before that is done 3 minutes be allowed to the Senator from Minnesota [Mr. HUMPHREY]; and that when both the Senator from Minnesota and the Senator from Alaska have concluded, the Senator from Vermont [Mr. AIKEN] be recognized for 1 minute.

The PRESIDING OFFICER (Mr. MOSS in the chair). Is there objection? Without objection—

Mr. HOLLAND. Mr. President, reserving the right to object—although I shall not object—let me say that it seems to me that after all available time has been used, no good purpose is subserved by the making of a motion to lay the amendment on the table, but that, instead, the Senate should proceed to vote on the amendment on its merits.

Mr. JOHNSON of Texas. I believe that is a matter of judgment for the individual Senators. I, myself, know nothing about a plan or an intent to make a motion that the amendment be laid on the table. I merely want Senators who wish to speak briefly at this time to have an opportunity to present their views.

Why the Senator from Vermont wishes to move that the amendment be laid on the table, I do not know.

Mr. AIKEN. Since there seems to be a lack of understanding of the amendment, I shall move that the amendment be laid on the table.

Mr. JOHNSON of Texas. The Senator from Vermont means that he will do so at the proper time, I assume.

Mr. AIKEN. Yes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none; and it is so ordered.

Mr. JOHNSON of Texas. Then, Mr. President, at this time I yield 3 minutes on the bill to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 3 minutes.

Mr. HUMPHREY. Mr. President, I thank the majority leader for his consideration.

Let me say that I have been very sympathetic to the amendment of the

Senator from Alaska, although I did not join in sponsoring the amendment.

I have studied the amendment very carefully. I see in it many possibilities for improving the administration and the budgetary control over the mutual security operations.

Mr. President, it has already been stated succinctly and, I hope, persuasively that the amendment would not lend itself to effective military operations, but, instead, actually would lend itself to more rigid, inflexible operations which would lead to all sorts of complications.

I should like to point out that the Foreign Relations Committee was not unmindful of the budgetary problems and the problems relating to adequate operation of the mutual security program.

I call attention to the two volumes of hearings, in which at least one-fourth of the pages will be found to be filled with questions and answers relating to the adequacy of information about the programming of the mutual security funds.

On page 27 of the committee amendment, subsection (f) relates to the annual presentation to the Congress of requests for authorizations and appropriations; and the subsection sets forth specific criteria which must be complied with by the executive branch of the Government. In other words, this subsection provides that "the report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country."

And by the amendment of the Senator from Virginia [Mr. ROBERTSON], which the Senate adopted on last Thursday, it was required that all documents, communications, audits, reviews, and findings shall be made available to the General Accounting Office and shall be made available to any committee or duly authorized subcommittee of the Congress.

Furthermore, section 513 of the Mutual Security Act requires that when there is a transfer of funds, the President must notify the appropriate congressional committee.

In other words, at least three or four different steps have been taken to secure or guarantee adequacy of information in regard to the programming of mutual security operations, including country-by-country analyses, in order to be able to inform the congressional committees how the amounts of money were arrived at, how the projects are to be undertaken, and how they are to be conducted. All those steps are spelled out.

If at this time we place any more straitjackets on the program, we shall limit its effectiveness as a tool of our foreign policy.

Mr. President, our mutual security program is an instrument of American foreign policy, not a public-works program.

The PRESIDING OFFICER. The time yielded to the Senator from Minnesota has expired.

Under the agreement which has been entered, the Senator from Alaska [Mr. GRUENING] is now recognized for 2 minutes on the bill.

Mr. GRUENING. Mr. President, it has been charged that the amendment will destroy flexibility.

I read now from the letter written by the Comptroller General, as it appears on pages 11542, 11543, and 11544 of the CONGRESSIONAL RECORD for yesterday; the portion I shall read appears on page 11544:

Section 501 of the act authorizes the President to transfer up to 10 percent of the funds made available pursuant to any provision of the act and use such funds for any other purposes of the act whenever the President determines such transfer to be necessary for the purposes of the act.

Nothing in the amendment would nullify that provision of section 501.

How much more flexibility do Senators want in connection with the programming?

The distinguished chairman of the committee indicated his belief that the Comptroller General did not support the amendment. I do not have time to read his letter in full; but it will be found that after stating that his "Office is in accord with the objectives" of the amendment, and after stating that he has recommended this provision at various times, the Comptroller General states in his letter:

We have considered it necessary to recognize, within reasonable limits, the need for flexibility in carrying out program plans and allow for changes which affect the nature and size of planned activities. Thus, we have not deemed it appropriate to recommend a legislative requirement which would hold the executive branch responsible for strict adherence to its budget plans.

Certainly the 10 percent requirement would not call for strict adherence.

At the end of his long letter—which, as I have stated appears on pages 11542, 11543, and 11544 of the CONGRESSIONAL RECORD for yesterday—the Comptroller General proposes an amendment almost identical to this one. Senators who wish to check on the matter can turn to those pages of the RECORD; and they will find on page 11544, beginning with the last two lines of column 1, the amendment which the Comptroller General proposes, which is almost identical to the amendment I have proposed in behalf of myself and 19 other Senators.

Mr. DIRKSEN. Mr. President, I yield 1 minute on the bill to the Senator from Vermont [Mr. AIKEN].

The PRESIDING OFFICER. The Senator from Vermont is recognized for 1 minute on the bill.

Mr. AIKEN. Mr. President, inasmuch as several of our colleagues on the floor have expressed more or less of an inherent opposition to a motion to table, it seems to me best to state at this time that if the pending amendment is adopted we might just as well throw open the records of the Pentagon and the Department of Defense to the whole wide world.

So, Mr. President, I shall not move that the amendment be laid on the table. But I hope the amendment will be rejected.

Mr. YARBOROUGH. Mr. President—

Mr. JOHNSON of Texas. Mr. President, does my colleague wish to have some time yielded to him?

Mr. YARBOROUGH. Mr. President, will the majority leader yield 2 minutes to me?

Mr. JOHNSON of Texas. I yield 2 minutes to my colleague.

The PRESIDING OFFICER. The junior Senator from Texas is recognized for 2 minutes.

Mr. YARBOROUGH. Mr. President, after reading the names of the distinguished and patriotic sponsors of the pending amendment, and realizing their desire to have economy in connection with governmental operations and expenditures, I know that the purpose of those offering the amendment is to cut the fat out of the foreign aid program. I am in favor of doing that. I voted for the \$300 million reduction in the military portion of foreign aid, adopted in the amendment of the Senator from Louisiana. So I recognize the good motives which have actuated the offering of the amendment, and it is with considerable reluctance that I rise to speak against the amendment.

Regardless of the motives of economy, I do not believe that activated its sponsors, that the amendment is an economy amendment. I believe that it is a trouble-making amendment. I believe that more can be accomplished by spending \$1 billion for foreign aid, when the plans are kept secret, than could be accomplished by spending \$2 billion under the requirements of the pending amendment.

If those who deal with the program were required to list the amounts, item by item, and to set forth in detail the specific purposes of the various amounts and the purposes of the various obligations to be made during the fiscal year 1960, what kind of Pandora's box would be opened? What would result if we published to all the world all the details in regard to aid, if any, we propose to give to Israel and Jordan, or Syria, and Lebanon, and other neighbor countries in other areas of the world? What kind of troubles would be stirred up in the world if we published the details in regard to all the aid we might propose to give to France or to Algeria and Tunisia, which borders French Algeria in North Africa? And wouldn't similar troubles flow from similar publicity in other areas of the world?

It is only necessary to consider human nature to realize what kind of jealousies would be aroused, and to realize that all sorts of demands would be made on us for aid in other ways and for aid of other kinds, to equalize one nation with its neighbor who might have received more aid.

So, Mr. President, I do not believe the amendment would result in efficiency. On the contrary, it would breed dissension, jealousies, and result in a new propaganda war against us.

The more secret our foreign military aid program is, the more efficient it could be. That is why the Communists are able to do so much, often with less money than we use in specific areas. They have

moved in secret, and we have not seen their tricks until the tiger comes out of its lair.

In my opinion the amendment would not result in a better foreign-aid program, but, instead, would result in an unworkable foreign aid program. I strongly recommend that the amendment be defeated.

Mr. GRUENING. Mr. President, will the junior Senator from Texas yield for a question?

The PRESIDING OFFICER. The time yielded to the junior Senator from Texas has expired.

Mr. JOHNSON of Texas. Mr. President, I shall be glad to yield time on the bill to the Senator from Alaska. How much time does he desire? Will 2 minutes be sufficient?

Mr. GRUENING. Yes.

Mr. JOHNSON of Texas. Then I yield 2 minutes on the bill to the Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska is recognized for 2 minutes on the bill.

Mr. GRUENING. Mr. President, we have heard a great deal about the issue of secrecy. This amendment proposes to remove some of the secrecy, and to allow the Congress to resume its constitutional function of control, which, unfortunately, it has abandoned in connection with this program.

If it is said that the world does not know what we give to these other countries, such a thought is only a dream. Of course what we are giving them is known. They know it as soon as we do. In fact, in many cases they know it sooner than the Congress does.

The pending amendment is an attempt to restore to the Congress control over the program. Congressional control of the program should never have been abandoned.

I feel very humble, as a rather new Senator, only recently elected, to propose that the Senate reassume its constitutional responsibility to take charge of the program. That is the purpose of the amendment. It will enable the Senate and the House to bring their judgment to the aid of that of the Executive. We saw, earlier today, in the case of the housing bill, which the President vetoed that the judgment of the Congress and the judgment of the Executive do not always coincide.

I believe that if the judgment of Congress is added to that of the Executive, we shall have a much better foreign aid program; and that is what the amendment seeks to achieve.

The PRESIDING OFFICER. All time on the amendment has expired.

The question is on the amendment offered by the Senator from Alaska [Mr. GRUENING] for himself and other Senators. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD (when his name was called). On this vote I have a pair with the junior Senator from Minnesota [Mr. MCCARTHY]. If he were present and voting, he would vote "nay."

If I were permitted to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Montana [Mr. MURRAY], are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that, if present and voting, the Senator from Montana [Mr. MURRAY] would vote "yea."

Mr. KUCHEL. I announce that the Senator from North Dakota [Mr. LANGER] is absent because of illness in his family.

The result was announced—yeas 37, nays 53, as follows:

YEAS—37

Bartlett	Frear	Proxmire
Bible	Goldwater	Randolph
Byrd, Va.	Gruening	Robertson
Byrd, W. Va.	Hartke	Russell
Cannon	Johnston, S.C.	Stennis
Case, S. Dak.	Jordan	Symington
Chavez	Kefauver	Talmadge
Dodd	Kerr	Thurmond
Douglas	Magnuson	Williams, N.J.
Eastland	Morse	Young, N. Dak.
Ellender	Moss	Young, Ohio
Engle	Muskie	
Ervin	Neuberger	

NAYS—53

Aiken	Fulbright	McGee
Allott	Gore	McNamara
Beall	Green	Martin
Bennett	Hart	Monroney
Bridges	Hayden	Morton
Bush	Hennings	Mundt
Butler	Hickenlooper	Pastore
Capehart	Hill	Prouty
Carlson	Holland	Saltonstall
Carroll	Hruska	Schoeppel
Case, N.J.	Humphrey	Scott
Church	Jackson	Smathers
Clark	Javits	Smith
Cooper	Johnson, Tex.	Sparkman
Cotton	Keating	Wiley
Curtis	Kennedy	Williams, Del.
Dirksen	Kuchel	Yarborough
Dworshak	Lausche	

NOT VOTING—8

Anderson	McCarthy	Murray
Langer	McClellan	O'Mahoney
Long	Mansfield	

So the amendment offered by Mr. GRUENING, for himself and other Senators, to the committee amendment was rejected.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from Wyoming [Mr. McGEE].

Mr. McGEE. Mr. President, I have a confession of error to make in my own judgment. I was a cosponsor of the amendment just voted on. I believed, because of the meritorious objectives of the amendment, it was an excellent idea. I was persuaded during the course of the debate on the floor of this body that the serious doubts raised about its application as well as about its implications warranted its defeat. For that rea-

son, though a cosponsor, I changed my vote and voted in the negative.

Mr. JAVITS and Mr. CHURCH addressed the Chair.

The PRESIDING OFFICER (Mr. HARTKE in the chair). The Senator from New York is recognized.

Mr. JAVITS. Mr. President, to the committee amendment I offer the amendment which I send to the desk, and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New York will be stated.

The CHIEF CLERK. On page 23, at the end of subsection (4), it is proposed to insert a new subsection (5) as follows:

(5) Section 418 of the Mutual Security Act of 1954, as amended, is amended by adding a new subsection, as follows:

"(d) Under the direction of the President, the Department of State and such other agencies of the Government as the President shall deem appropriate shall conduct a study of methods by which the United States and other nations, including those which are parties to regional agreements for economic cooperation to which the United States is a party, or any of them, might best together formulate and effectuate programs of assistance to strengthen the economies of free nations so as to advance the principal purposes of this Act, as stated in section 2 thereof."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York.

Mr. JAVITS. Mr. President, I find there is a typographical error in the amendment. Section "418", as read by the clerk, should read section "413". I ask that the amendment be accordingly corrected.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I have the honor to state that as cosponsors upon the amendment are the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Indiana [Mr. HARTKE]. The three of us attended the Atlantic Congress which recently took place in London. This amendment is an outgrowth of our experiences there.

Mr. President, the amendment seeks to adopt a technique which we have adopted heretofore in connection with international travel and private enterprise, in order to direct the attention of the administration and of the Congress to the possibilities inherent in increasing our own economic and technical assistance programs without the addition of the money of the taxpayers of the United States, but rather by sharing the burden with other countries, notably countries which have very material favorable balances of trade such as Germany, and, coming up on the horizon, Japan.

Mr. President, on the amendment I yield myself 5 minutes from the time allotted to me.

I should like to explain that the amendment takes its cue for very practical experience; first, as to the technique the amendment employs and, second, as to the history of this kind of effort.

For example, we have, within the past year or two, made loans of a very effective character to India and to Turkey. In both cases our partners in those loans

were the United Kingdom and Germany and, in the case of India, Japan. In addition, it was possible, as part of the consortium making the loan, to make one partner the World Bank. This demonstrated, Mr. President, the possibilities inherent in this kind of procedure.

The Vice Premier, in practical effect, of Germany, Mr. Erhard, was in the United States some months ago telling us Germany would like to participate in some way in the economic aid programs of the free world if a technique could be found to do it, and a technique was found in their participation in these consortiums with regard to Turkey and India.

Mr. President, it seems to me what we are looking for is a way in which the responsibilities of all the nations of the free world can be most effectively carried forward. This is an opportunity. There are nations coming along, like Germany and Japan, which have an interest in helping, and which can help.

I believe the next question is in regard to the technique employed in the amendment. Why ask for a "study"?

The answer is that we have found in the past 2 years, when I have sponsored similar amendment with respect to international travel and with respect to private enterprise, that this is the best way in which to focus attention upon a particular issue and develop a plan; and when a plan is developed Congress can act upon that plan.

In connection with international travel the President ordered a study by Clarence Randall, resulting in a considerable number of recommendations for legislation. A good many of the recommendations have already been carried through. Others are in process.

We had a study this year by the State Department and the Department of Commerce on private investment overseas. A considerable amount of legislation was recommended. Some of it is in process, such as the Boggs bill in the other House. Other measures will come along.

So, in this situation, it will require a certain amount of sounding out of European nations and Japan; and perhaps other countries can participate. It will require a certain amount of planning and programing. Instead of jumping into a program by way of legislation, I recommend in this amendment that a study be made, and that a report be brought in, so that we can see the whole body of information consolidated, and may act upon it.

I believe that my colleagues from Tennessee and Indiana [Mr. KEFAUVER and Mr. HARTKE] joined in this amendment because, as a result of our experience at the Atlantic Conference in London, that was one of the things we took away with us. There was not as much foot dragging as might have been expected. However, there was a discussion of techniques. So I am hoping by this amendment to develop the proper kind of technique. We know the base upon which this program rests, and, quite frankly, the need for obtaining affirmative help for it in terms of money.

Mr. MORSE. Mr. President, will the Senator yield briefly to me?

Mr. JAVITS. I yield 1 minute to the Senator from Oregon.

Mr. MORSE. Mr. President, as a member of the Committee on Foreign Relations, let me say that I wish this amendment could be taken to conference. I think it is a desirable amendment, and represents a proper approach to this problem. We ought to seek to gather the facts, and also to obtain as much international cooperation as possible in studying the facts. That would be the result of the amendment and I am pleased to support it.

Mr. JAVITS. I thank the Senator.

Mr. KEFAUVER. Mr. President, will the Senator yield to me?

Mr. JAVITS. I yield 3 minutes to the Senator from Tennessee.

Mr. KEFAUVER. Mr. President, I am very happy to join with the Senator from New York in sponsoring this amendment. I congratulate him for bringing the matter to the attention of the Senate in presenting the amendment.

One thing is quite certain from all international meetings, and that is that there must be the best unified program possible on the part of the free nations of the world to assist in the problem of the underdeveloped nations. This is something we should do because it is right and just.

Furthermore, we know the interest of the Communists in the underdeveloped nations. We know that this is not merely a problem of the United States, but a problem of all the nations of the free world.

At the last two NATO Parliamentarians' Association meetings, and at the Atlantic Conference in London, which the Senator from New York and I attended, along with the Senator from Indiana [Mr. HARTKE], this was one of the problems discussed perhaps more than any other. The problem was whether or not some system could be devised so that there would not be overlapping, and so that England, France, Germany, Japan, Italy, and other nations in a position to do so might make a contribution without duplication. This amendment represents a fine effort in that direction.

Some time ago, along with the Senator from New York as a cosponsor, I submitted Senate Resolution 78, which was aimed at the same idea. This resolution was cosponsored by some 30 Members of the Senate.

I believe that this amendment would bring about a more unified program. It would enable the free world to use in the mutual aid program people, leaders, and nations in particular parts of the world where they have the greatest acceptability.

It would also prevent overlapping and duplication. It would bring about a sense of partnership among the nations which are interested in the underdeveloped nations, particularly in doing something about their cause. I feel that the time is ripe for an effort of this kind.

I have before me a summary of remarks by great leaders of the free world, such as Paul Henri-Spaak, Secretary-General of NATO; Giuseppe Togni,

Italian Minister of Public Works; Andre Philip, French delegate to GATT; the Right Honorable J. K. Vaughan-Morgan, Minister of State—Board of Trade, United Kingdom—as well as journalists like Ernst Friedlaender, West German columnist; Professor Robert Bowie, head of Harvard University's International Studies Department; Dennis Healey, a member of Parliament from the British Labour Party, and others who have discussed the great question of making an effort in line with the suggestion in the amendment of the Senator from New York.

I ask unanimous consent that a brief summary of the statements of certain leaders to whom I have referred be printed in the RECORD at this point as a part of my remarks.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

Paul Henri-Spaak, secretary general of NATO, was emphatic in his recommendation that aid to underdeveloped countries by the free world must be considered in relation to the Soviet challenge. He pointed out that the Soviets make no mystery of their efforts toward political and ideological supremacy. He said political dividends are to be expected from concerted Western action. The resources of the West are limited. A choice would have to be made among the people to be helped.

Giuseppe Togni, Italian Minister of Public Works, warned that the free world must not only be zealous but united in its zeal. Italian premier, Amintore Fanfani said that an awareness of the advantages derived by the U.S.S.R. from its unity should lead the Western World to a better organization of its strength.

Professor Arthur Wauters, professor at the University of Brussels and former Belgian Ambassador in Moscow, prepared a special study on this subject which was presented to all members of the working party several weeks before the meeting. The special theme discussed was—how could and should the West meet the economic challenge of the U.S.S.R. in the various parts of the world? And what inferences have to be drawn from this with regard to the collaboration between the western countries and with regard to the relations between the West and the underdeveloped countries?

He said most emphatically the Communists have not given up their theory of the collapse of capitalism. They expect to speed up this collapse by driving the West from its positions in the rest of the world and depriving it of its sources of raw materials. The underdeveloped countries are, therefore, the main stakes in the struggle between East and West * * * and Western unity of action is a necessary condition for any counter-offensive.

Andre Philip, French delegate to the GATT pointed out that the backward countries were falling further and further behind, becoming more and more pauperized. He warned that the conditions of aid from the West were not always satisfactory, and that the West both as an investor and as a purchaser must offer greater advantages to the underdeveloped countries. He said the Soviet has shown far greater skill, particularly in opening markets for the sale of products from the backward areas.

The Right Honorable J. K. Vaughan-Morgan, Minister of State (Board of Trade, United Kingdom) cautioned the West to play its cards very skillfully in dealing with the underdeveloped countries. He said the Soviet had played some dirty economic pool with a number of the underdeveloped countries in certain cement and tin deals * * * and said

this made it even more important that the Western World carefully examine the channeling of its economic aid.

Jacques Oudiette, manager of the Banque Nationale pour le Commerce et l'Industrie, Paris, quoted Indian Prime Minister Nehru's rhetorical question if the real Iron Curtain might not be that which separates the industrialized from the underdeveloped areas.

Professor Robert Bowie, head of Harvard University's International Studies Department, suggested that the West might make joint use of the International Development Association, new project of the World Bank for channeling their aid.

Dennis Healey, British Labor Party, Member of Parliament, suggested that these backward areas must be helped not solely for humanitarian purposes or for any desire to provoke gratitude * * * but simply because the whole world would profit by their development.

Mr. Sante Astaldi, vice president of the Associazione Nazionale Costruttori Edili (building and public works) asked for rapid action * * * and Louis Kawaw, secretary of the Belgian committee for the study of trade with the East, suggested the creation of organizations at national or regional levels, empowered to direct investments in which private capital could participate.

Ernst Friedlaender, West German columnist, proposed a long-term plan which could be carried out by the OEEC countries in cooperation with the United States and Canada. Etienne Hirsch, commissioner general of the French plan, agreed that a program of aid to underdeveloped areas required at the very least a plan and precise aims among the industrial countries.

Here, Mr. President, you have a cross section of distinguished political, journalistic, and scholarly opinion, all pointing not only to the need for Western aid to underdeveloped countries, but that it be channeled more effectively through a concerted free world effort. And, Mr. President, this should be done now * * * not next year, or the year after. The Soviet is in their pitching * * * their rate of production is moving along at a fast clip.

They are courting the underdeveloped countries with economic aid of one kind or another, as are the individual countries of the free world. But with increased aid to offer as the months move on, and a "oneness" of channeling, the Soviet may gain an edge on the free world, if we do not get together on this.

Mr. JAVITS. Mr. President, how much time have I left?

The PRESIDING OFFICER. The Senator from New York has 8 minutes.

Mr. FULBRIGHT. Mr. President, I have discussed this amendment with the Senator from New York. I think the amendment has some merit. I am perfectly willing to take it to conference. I think the conferees would be perfectly willing to accept it. I see no objection to it.

Mr. JAVITS. I am very grateful to my colleague from Arkansas.

Mr. HUMPHREY. Mr. President, will the Senator yield to me?

Mr. JAVITS. I yield 2 minutes to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I wish to associate myself with the worthy endeavor of the Senator from New York, the Senator from Tennessee, and the Senator from Indiana. It seems to me, as indicated by the chairman, that this amendment is a very constructive effort. The chairman of the committee has accepted the amendment and will take it to conference. I assure the Senator

from New York that it will not only be taken to conference, but kept in conference.

Mr. JAVITS. I thank the Senator very much.

Mr. HARTKE. Mr. President, will the Senator yield to me?

Mr. JAVITS. Mr. President, I yield 1 minute to the Senator from Indiana.

Mr. HARTKE. Mr. President, I believe that the pending amendment is worthwhile, and that in the long run it will be of great benefit to the United States in the overall program of foreign aid. It calls for a general cooperative spirit, which is important in healing the differences which may occur between other countries and ourselves, with relation to the underdeveloped countries of the world.

Mr. JAVITS. Mr. President, I yield back the remainder of my time.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been exhausted or yielded back.

The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS] for himself and other Senators, to the committee amendment.

The amendment to the amendment was agreed to.

Mr. JAVITS. Mr. President, I have another amendment at the desk. I offer the amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New York to the committee amendment will be stated.

The CHIEF CLERK. On page 22, in between lines 23 and 24 in the committee amendment, it is proposed to insert the following:

(2) In subparagraph (B)(ii), before the semicolon, insert the following: "revolution, insurrection, or civil strife arising in connection with war, revolution, or insurrection".

Mr. JAVITS. Mr. President, this amendment would propose to add to the contingencies against which private investment would be guaranteed under the Mutual Security Act, the contingencies of revolution, insurrection, or civil strife.

Mr. President, this is a proposal for which the administration has contended for a long time. It has been hotly debated in the other body, and I understand debated in the Foreign Relations Committee. I bring it to the attention of the Senate now, because I believe in all dignity we ought to discuss it on the floor briefly, in order to lay the subject at rest at least for this session one way or the other.

The administration places great store by the amendment. I believe it could be extremely useful and very important. I think it is worth a few minutes of discussion. Hence, I am offering it at this time.

Mr. President, what is the case for the amendment? The case for it is that, apparently, there is a demand on the part of businessmen—and it was so testified in the hearings—to include these contingencies among the other contingencies against which there may be a guarantee of private investment. It is

held that the contingency of war, which is now covered by the Mutual Security Act, in respect of these guarantees, is not sufficiently broad to cover private investment, because in most countries what the citizens are worried about is local revolution rather than some broad scale atomic war.

I point out that Mr. Warden, who testified to this matter before the committee, said that the incidence of a revolution, insurrection, or civil strife occurred about once a month, and therefore this was a very necessary implementation of the program.

It seems to me that this question comes with special pertinency at this time because there is now in this bill an amendment to the guarantee provisions with respect to private investment, which amendment confines the guarantees to investment in the less developed areas. It seems to me that when that is done, and that is a change from the way the law reads at present, there is neutralized and emphasized the situation as it affects the question of insurrection, revolution, and civil strife, because it is very much more likely that businessmen will fear that kind of contingency in less developed areas than they will in more developed areas, where they have had freedom of investment in terms of getting the guarantee up to now.

The guarantee program had a slow start, but it has apparently come along pretty rapidly. A half-billion dollars was authorized by way of guarantees, and in the past year or two a great part of it has been used, so much so that in the other body a figure of a billion dollars was set as the gross amount of guarantees to be authorized.

I do not believe we need to argue again, Mr. President, the importance of the private investment aspect to our whole foreign aid program. It not only relieves us of appropriations in terms of foreign aid, but it also brings the whole apparatus of American private economy to the fore, both as an example to the leadership in the respective countries and also as a tremendous training ground for technical personnel in the countries in which it operates. It has manifold advantages which all of us recognize, and the question is whether or not we are to include this particular kind of coverage by way of contingencies in the pending bill.

What happened in the other body was this: This provision was contained in the bill as reported by the committee of the House. It was stricken out after a relatively brief debate on the floor of the House by action of the House, and I thought, in view of the fact that it had been reiterated constantly that it is considered by the administration to be an important aspect in fortifying and making more useful the guarantees of private investment, and that we now have a provision in this bill which confines the guarantees in the less developed areas, that we ought, as I say, at least to have spelled out on the floor what is really the opposition to this amendment if any exists.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from South Dakota 2 minutes.

Mr. CASE of South Dakota. Mr. President, I should like to submit an inquiry to the chairman of the committee. I have found one of the most interesting and, I think, imaginative sections of the bill is that which deals with foreign language study. It seems to me it offers a new avenue for improving our relationships and our capabilities in the world in which we live.

The only question that bothers me is whether the program would not be appreciated more and be more effective if there were some limitation as to the number of teachers who might be given a language training grant in any season.

I note in the report it is stated:

Modern language teachers are in such short supply in the United States that the program has inherent limitations as to cost.

Does the Senator feel that without any limitation in numbers or in dollar values the program may not be abused?

Mr. FULBRIGHT. I am sorry. I could not hear the Senator. I did not hear the last part of the Senator's question.

The PRESIDING OFFICER. The Senate will be in order.

Mr. CASE of South Dakota. I was wondering if the chairman feels that there are inherent limitations which will prevent the program from being abused. I think the program has merit, and I am glad to see it, or something like it, proposed.

Mr. FULBRIGHT. I think it has merit, and I believe we can trust the administration at least for a year to see what they can do with it. The idea is a short summertime experience for the teachers who are already teaching or who want to go into teaching. If the Senator has any suggestions about limitation, I have no objection. I do not think it would suddenly blossom into an enormous program, and I would hope the administration next year would be able to submit after some experience an appropriate provision. It is not difficult to hold it down, of course.

Mr. CASE of South Dakota. It seems to me it might be more appreciated if some limit were imposed on it now. I know there is a limit on the section relating to the training of people from other countries in the United States—\$10 million a year for 5 years.

Is it safe or fair to say that under the program proposed in section 601 any teacher of modern languages in a secondary or elementary or university level school in the United States might aspire to obtain a grant which would enable him to go abroad for the summer?

Mr. FULBRIGHT. They could aspire to do so, but it would not mean they would all get a grant automatically. The Department would certainly prescribe standards such as are provided in the awarding of scholarships under existing programs, that is, as to suitability, and so on.

As the Senator knows, there is a shortage of teachers of language. We talk about extending the teaching of languages, but we immediately run into

the problem that we do not have enough teachers to expand it rapidly.

I attended one of the conventions of the Modern Language Association, and it was quite clear teachers are in short supply. This grant is intended not only to give actual experience to those who are teaching but to afford at least a small incentive to people to enter the profession of teaching.

Mr. CASE of South Dakota. It seems to me it would be an incentive. For instance, students in colleges today who are studying some modern language might, under a program such as has been outlined, select a major or a minor in language with the hope of teaching.

Mr. FULBRIGHT. I would hope that would happen. We have no objection to putting a limitation on the program if the Senator feels it is necessary. I think we could do it perhaps more intelligently after a short experience with the program, however.

Mr. CASE of South Dakota. I think in conference, if difficulty is encountered, consideration might be given to the possibility of placing a limit of not to exceed 5,000 grants a summer.

Mr. FULBRIGHT. I would not object. I do not think, however, we shall reach that figure very suddenly. These grants are rather difficult to administer.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CASE of South Dakota. May I have 1 more minute?

Mr. FULBRIGHT. I yield a minute to the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, no one can attend an international gathering today without being impressed by the fact that delegates from other countries can speak more than one language. We suffer a handicap, I believe, in our international conferences and in our international relationships because so many of us can speak only one language. I think we penalize ourselves by our inability to speak other languages. If by the use of some of the foreign currencies we can increase our linguistic abilities, we can improve the quality of our reputation in international undertakings.

Mr. FULBRIGHT. I find myself in agreement with the statement of the Senator from South Dakota. He is quite correct. We run into that condition all the time.

Mr. President, I yield 5 minutes to the Senator from Vermont.

Mr. AIKEN. Mr. President, the proposal of the Senator from New York is very interesting, but I think it is only a part of a much larger picture at which we want to look and which we do not want to act upon without full and complete hearings being held.

There is much sentiment these days—some of it, I am certain, in high circles in Government—for turning over to private investors and private banking interests much of the program which is now handled under the Development Loan Fund and the economic assistance program. It is possible that we may be able to do this to a certain extent, but we certainly should have full and com-

plete hearings on the subject, because we must look at the whole picture.

The amendment offered by the Senator from New York is only one phase of the program of the guarantee of American investments overseas and how far the Government should become obligated. How far should we go with the guarantees? How large should the guarantees be? Should there be a limitation, such as there is on the money of depositors in the banks of our country? What should we do?

There are other things too, which must be considered. We not only have to consider the proposal of guaranteeing the principal of investments overseas, we must ascertain how the overseas programs should be financed. It has been suggested that the Federal Reserve Act might be amended. In fact, I think the Senator from Virginia [Mr. ROBERTSON] succeeded in having a bill passed by the Senate 2 years ago which had the effect of permitting the establishment in other countries of branch banks under the Federal Reserve System. If such banks were established, how would they be financed?

I can see a field for such operations overseas, but should Federal money be used as deposits or at a nominal interest rate?

It has been suggested that money which now goes into the Development Loan Fund might be loaned to overseas branch banks at a nominal rate of interest. That is something we would not want to pass upon without hearings.

The House is now holding hearings on a bill which proposes to exempt earnings from overseas investments. I do not know to what extent, but it is proposed to give such earnings special consideration when it comes to the payment of taxes.

We must be careful that we do not encourage exploitation. A few years ago, I was a member of a committee which held hearings on a request by an Asiatic country for a loan for a textile operation. The request was for a \$10 million loan by the United States. The loan was not granted because it was found that the manufacturer was employing mostly young girls 12 to 18 years of age at a rate of 23 cents a day. The year, before, the company which had asked for the loan had earnings of 50 percent on its investment. We do not want to encourage the exploitation either of human or natural resources in other countries, if we are to maintain our standing in the rest of the world.

We also must consider the effect upon the American producer, because in the whole picture is GATT and the desire, which would inevitably follow, to have lower tariff barriers in this country.

The PRESIDING OFFICER. The time of the Senator from Vermont has expired.

Mr. AIKEN. I think I have gone far enough, but may I have 1 more minute to conclude?

Mr. FULBRIGHT. I yield 1 minute to the Senator from Vermont.

Mr. AIKEN. These are only some of the things which we must consider. I

think they should be subject to full and complete hearings, because there are possibilities in the proposal to turn over more of this business to private industry; but also there are serious dangers unless we develop such a program properly.

Mr. FULBRIGHT. Mr. President, I regret that I cannot accept the amendment. The provision in the bill recognizes a state of war as a situation which is easily identified. But to add to that revolution, insurrection, or civil strife would, I think, open the gates to possible fraud and would, at least, make such a program extremely difficult to administer.

I do not think we are in a position to accept this kind of amendment because I fear it would destroy the whole guarantee program. There is a great difference of opinion among different societies as to what constitutes civil strife or insurrection. What we might consider civil strife might be a common occurrence in some countries. We know that in some of the countries of a Latin temperament the people are not used to the restraints to which some of the Nordic people are accustomed. Any little outbreak might be called an insurrection or civil strife and might give rise to a claim. I think the amendment would expose the program, which I believe has served a very good purpose, to undue risk. Therefore, I do not believe the Senate should accept the amendment.

Mr. MORSE. Mr. President, will the Senator from Arkansas yield me half a minute?

Mr. FULBRIGHT. I yield half a minute to the Senator from Oregon.

Mr. MORSE. I support the comment made by the Senator from Vermont. I think this is a matter on which hearings should be held. It is a matter which should be handled separately and distinctly from the bill now before the Senate. There are many things we should learn about such a proposal before giving such a blanket guarantee as is proposed.

We also ought to keep in mind the very sordid fact that sometimes private investors themselves are involved in fomenting revolutions or are involved in encouraging civil strife. It would be a very sad thing for Congress to place in the law a guarantee of such investments under such circumstances. Some investors are very clever. It would be pretty hard to prove the implications or the intricacies of civil strife in a foreign country. I do not think such a provision ought to be included in the law without full hearings. It would be very unfortunate to provide a guarantee in the name of investments, and then to have the investors claim that their investments were jeopardized, without having evidence of the fact.

Mr. FULBRIGHT. Would the Senator from Oregon agree that that might be a great incentive to civil strife?

Mr. MORSE. I do not know; but hearings ought to be held to determine what evidence, if any, exists as to misconduct on the part of private investors

abroad. It is one thing for the Government to take action to back up American nationals in a foreign country; it is another thing for us to give a guarantee to back up a private investor.

Mr. FULBRIGHT. Mr. President, I yield 3 minutes to the Senator from Iowa.

Mr. HICKENLOOPER. Mr. President, I am sorry that as a member of the Committee on Foreign Relations I cannot support the amendment. This is not a new amendment. The amendment has been before us every year for a number of years. For some reason, it is an amendment which seems to find some favor in the other body, and they always come to the Senate side with it. In conference, they will be apt to stick the amendment into the mutual security bill, and the Senate has to battle the matter out in conference. We have done it year after year.

I do not agree with the Senator from Oregon that we ought to have hearings on the matter. We have had hearings on it. It has been before the committee time and again. We have succeeded in warding it off.

The curse of the amendment—I use that word in a kindly way—perhaps I should say the difficulty with the amendment is in the phrase “revolution, insurrection, or civil strife.”

Some years ago we wrote into the bill protective mechanism or guarantee mechanism. It was a protection against loss by American investors in case of war—that is, within certain limitations and under certain conditions.

To include “revolution, insurrection, or civil strife arising in connection with war, revolution, or insurrection,” to me seems, and always has seemed, to be simply opening the gate to a myriad of claims and a multiplicity of arguments as to what is insurrection and what is civil strife.

I agree with the sentiments expressed on the floor of the Senate. It might be extremely easy for an investor in a small country, whose business was going a little sour, to whip up a little revolution or civil strife by having a small organized band burn up his place of business, and then make a claim against the American Government for restitution.

My own feeling is that we had better leave well enough alone. The guarantees work reasonably well. So far as I know, our government has not been called upon to pay any great amount under the guarantees. This provision has given some businessmen an opportunity to invest abroad with the knowledge that they will be protected, within certain limits, in connection with their rights and their investments under their contracts, against losses incurred because of war.

But to incur nebulous obligations in connection with civil war or civil strife or perhaps riots—although the word “riots” is not used in the amendment, and the guarantee is not proposed to be extended to such cases—would certainly cause infinite amounts of trouble.

As I have stated, year after year we have battled out this issue on the same philosophy and the same theory.

Certainly, I cannot support the amendment, in view of the difficulty it would cause, and in view of the complications which would be bound to arise in many parts of the world, if the amendment were to go into the law.

Mr. JAVITS. Mr. President, how much time remains under my control?

The PRESIDING OFFICER (Mr. McGEE in the chair). Eight minutes.

Mr. JAVITS. Mr. President, I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 4 minutes.

Mr. JAVITS. Mr. President, I think the most eloquent reason for including the amendment in the bill is to be found in the amendment itself. The previous investment guarantees, as they are called, were related—and now I refer to page 50 of the report on the bill—to such projects as shall be approved by the President for furthering any of the purposes of this act—in other words, whenever an investment guarantee was thought to further the purposes of the act generally. But this amendment provides that such project shall be approved by the President as furthering the development of the economic resources and production capacities of economically underdeveloped areas.

That is a new type of guarantee, altogether restricted to the underdeveloped areas in which there is danger of revolution or insurrection or civil strife. I emphasize that we are not dealing with the question of fomenting civil strife. Instead, the difficulty must be in connection with war, revolution, or insurrection—a rather major matter, which a businessman could not stir up.

The most eloquent support of the amendment was given by Mr. Charles B. Warden, in his testimony before the Foreign Affairs Committee of the other body. On that occasion he said:

In talking this over with the investors, the war risk guarantee as it is now set is not the kind of guarantee which is going to be effective in moving private investment into the dangerous areas.

It does not include the more common occurrences of revolution and insurrection, and these are the more common risks today. They are the risks that occur far more frequently—almost once a month in the latter part of the year—and an international war under which our present guarantee would become effective, is very rare.

So we would have a 4 percent program of insuring investments in the case of such contingencies.

It seems to me that in view of the demand which exists for this kind of protection, and in view of the fact that we already have incorporated in the act a policy of encouraging private investment through such guarantees, and in view of the fact that the administration is, and has been, in favor of this provision, we should give it our favorable consideration.

It would be very easy for me at this stage to withdraw the amendment, in order perhaps not to have an adverse verdict rendered on it by the Senate, by means of its vote. But I believe more is to be gained by a settlement of the matter, unless the chairman of the Foreign

Relations Committee, who has handled the entire bill so magnificently, believes that the committee wishes to look further into the situation, and really wishes to study, as the Senator from Vermont has suggested, the applicability of the amendment, in view of the guarantee, and because this measure, as it now stands, relates to underdeveloped areas, and thus the guarantees would be confined to investments in those areas.

If the Senator from Arkansas feels that way about this matter, I would be inclined to withdraw the amendment, in order not to prejudice the decision made here today. But if not, then, in view of the fact that the other body has voted, it seems to me that the Senate should pass on this proposal, of which the administration has expressed its approval.

Mr. KEATING. Mr. President, will my colleague yield to me?

Mr. JAVITS. I yield.

Mr. KEATING. Would not it be true that if the amendment were adopted, it still would require a finding by the President that the investment had been lost by reason of revolution, insurrection, or civil strife, which are referred to in the amendment?

The PRESIDING OFFICER. The time the senior Senator from New York has yielded to himself has expired.

Mr. JAVITS. Mr. President, I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 additional minutes.

Mr. KEATING. Let me repeat the last part of my question: If the amendment were adopted, would not it be true that such a finding still would be required by the President?

Mr. JAVITS. Exactly.

Mr. KEATING. So the amendment provides protection against wide open indemnification.

It seems to me that the incentive for American companies to invest, particularly for the smaller companies to invest, would be greatly enhanced by adoption of the amendment, because all of us know that such events are the ones which deter American business from making investments in such areas, particularly the ones to which this measure now is limited.

Mr. JAVITS. I thank my colleague. I thoroughly agree with him, and I appreciate very much his support.

Let me ask the chairman of the committee quite frankly whether there is an intent really to study this whole subject, as the Senator from Vermont has suggested; or whether we had better have the matter decided now, by means of a vote on the amendment?

Mr. FULBRIGHT. The Senator from Vermont has had a great deal of interest in this matter. As a matter of fact, in the committee, he sponsored the restriction in regard to the use of the guarantee procedure in the underdeveloped areas.

If we could find a reliable way to limit the application of such a provision to cases of civil strife and other cases which would be ascertainable in the same way that the existence of war is ascertainable, under the provisions of the bill, that would be very different.

I certainly would be willing to have the committee look into the matter and study it.

Mr. JAVITS. I thank the Senator from Arkansas. On that basis, Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment submitted by the Senator from New York has been withdrawn.

Mr. CHURCH. Mr. President, I call up my amendment which is at the desk, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Idaho to the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 16, in line 6, it is proposed to strike out "\$835,000,000", and to insert in lieu thereof "\$751,500,000".

Mr. CHURCH. Mr. President, I propose to speak only briefly on the amendment, in view of the fact that the hour is late.

The amendment affects the amount of authorization for the so-called defense support aspect of the bill.

Since the amendment would reduce that aspect of the bill by 10 percent, thus causing a reduction of \$83,500,000 in the amount, I believe this proposal is of such significance that a yeas-and-nays vote should be taken on the question of agreeing to the amendment. Therefore, I ask for the yeas and nays on the question of agreeing to this amendment.

The PRESIDING OFFICER. Is there a sufficient second to the request for the yeas and nays.

The yeas and nays were ordered.

Mr. CHURCH. Mr. President, I yield myself such time as I may require, within the limitation under the unanimous-consent agreement, to explain the amendment.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CHURCH. Mr. President, earlier this afternoon I took the floor briefly, to oppose an amendment offered by the distinguished Senator from Louisiana, which would have effected a \$235 million cut in the defense support aspect of this program. I said then that I thought that in this field, where the safety of our Nation might very well be at stake, we should move cautiously; that if we are to make an error we should try to make it on the side of the proponents of the program, by giving them the benefit of the doubt.

The amendment I now propose, unlike the previous amendment which would have effected a meat-ax cut in the defense support, is, in my opinion, a moderate amendment, a cautious amendment, and one which has precedent, in that it is comparable to the cut which already been effected by the other body in defense support.

Several weeks ago, when this bill was before the other body, a cut of \$85 million was effected in the defense support aspect of the program. My amendment would cut \$83.5 million, slightly less than the amount of the cut approved by the House of Representatives.

Mr. President, earlier this afternoon the Senate reduced military assistance provided in this bill by \$300 million.

That is a reduction of about 20 percent. There is also a provision in the bill which would shift 30 percent of the amount authorized for military assistance from the non-NATO countries to the NATO countries. Thus, the effect of this provision is to further reduce the amount of the military assistance program to be available in the non-NATO areas.

I think the action which has been taken by the Senate in both particulars has been wise. It recognizes that the nature of the Communist threat is different in different parts of the world, and it also indicates it is the consensus of the membership of this body that there has been too much emphasis on military assistance in the mutual security program.

This action, then, we have already taken.

Now we come to the other side of the coin. It is my contention that the reductions we have already made in military assistance call for some comparable reduction in defense support, because these two aspects of the program are very closely related. Both have as their objective the support of military establishments in countries whose economies are not sufficiently advanced to support the size of the military establishment that has been imposed upon them.

This is made clear, Mr. President, by the authority in the law itself. Title I of chapter II of the act, giving general authority for defense support, provides:

The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under chapter I, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance specifically designed to sustain and increase military effort.

So the bill makes it perfectly clear that the purpose of defense support is to fortify the economy and to stabilize the economy of a country in such fashion as to enable the country to support an overly large military establishment, beyond its natural capacity to maintain.

Mr. President, in the report of the committee, the actual allotment which is made of this defense support program is outlined on page 13 of the committee report. In that connection, I would say that a one-eighth part of the program, approximately, goes to the maintenance of projects that partake of economic assistance in their nature; but seven-eighths of the program, in the words of the committee report, goes to the support of commodity imports, cash transactions, and other nonproject assistance.

Mr. President, in the course of the hearings before our committee we had much testimony with regard to the nonproject element of defense support, and there is one very illuminating statement that was made before the committee that I think bears on this amendment, and which ought now to be brought to the attention of the Senate.

Dr. Raymond Moyer was testifying before the committee about the nonproject element of defense support, and he pointed out that this "is the amount of assistance which is given to finance the import of commodities we think have to

be brought into the country in order to maintain overall economic stability," in view of the size of the military establishment there being maintained.

Reading from the record of the hearings, Dr. Moyer continues:

These commodities which are brought in are not just handed out freely. They are sold. These are salable commodities. The local currency which accrues then is deposited to what we call a counterpart account representing the equivalent in local currency of the value of the goods.

This local currency then is allotted for agreed purposes, partly military, partly economic. We figure that somewhere between 55 and 60 percent of the local currencies go for the support of military purposes.

Mr. MORSE. Mr. President, will the Senator yield for a minute at that point?

Mr. CHURCH. I am glad to yield.

Mr. MORSE. The Senator has raised a point I was going to make, but I wish to make this statement briefly at this time. I was very much surprised this afternoon, at the time the Ellender amendment was before us, when the chairman of the Foreign Relations Committee took the position that the point made with regard to foreign currencies was entirely irrelevant to the discussion. I respectfully want to register my complete disagreement with the chairman of the committee.

The record of our hearings does not support his contention. If he had been present at a subcommittee hearing of the Foreign Relations Committee this afternoon, he would have found further evidence that does not support him, because we had a hearing this afternoon which produced a great deal of information about foreign currencies, and they are particularly applicable in this field of defense support.

There is no reason why foreign currencies cannot be used to pay the soldiers in foreign countries to which we are now giving defense support with American dollars.

There is no reason why foreign currencies cannot be used to pay civilian employees who always have to be employed at military establishments. There is no reason why local currencies cannot be used to pay for supplies obtained within the country to which we are giving defense support.

As the Senator from Illinois pointed out in regard to the point made by the chairman of the Foreign Relations Committee that it would result in inflation, when we deal with a country where there is a great accumulation of foreign currencies and a great deal of unemployment, when we put those people to work on wealth-creating projects, such as the building of docks—and some of the money goes to build docks and railroad facilities, and a multitude of other public works—we do not increase inflationary pressures in the country, but, as the Senator from Illinois pointed out, just the opposite result is brought about.

The statement of the chairman of the Foreign Relations Committee notwithstanding, there are \$3 billion and an additional \$800 million of foreign currencies owed or already repaid to the United States which cannot be used without the approval of the United

States. Here is an opportunity to make some cuts in the foreign aid program by saying, in effect, to the State Department, "You have got to make more effective use of the frozen foreign currencies." We brought out, at the hearing today with regard to the food for peace program, that a greater use of the currencies can be made in that connection.

Mr. CHURCH. I thank the Senator from Oregon.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. DOUGLAS. Is it not true that the overwhelming proportion of defense support has been applied to the Near East and to Asia?

Mr. CHURCH. That is true.

Mr. DOUGLAS. Is it not true that in many of those countries the internal exchange rate of the local currencies for American dollars is very much in excess of the official exchange rate?

Mr. CHURCH. That is also true.

Mr. DOUGLAS. Is it not true that under defense support when American commodities are imported into those countries and are sold either by the government or by local authorities, quite commonly they are sold at the internal price level and then converted by dollars at the official external rate of exchange?

Mr. CHURCH. It is my understanding that this, regrettably, has sometimes been the case.

Mr. DOUGLAS. To use an illustration, suppose that in regard to one currency the unofficial rate of exchange is 100 units to the dollar, and the official rate of exchange is only 30 units to the dollar. The commodities are sold for local currency. Let us say the commodities are sold for 100 million local units, or an original value in dollars of \$1 million. Then the dollars can be satisfied by setting aside 30 million units of the local currency, leaving 70 million units which can be appropriated either by local officials or by private groups to whom the task of selling the American goods has been confided.

Mr. CHURCH. The Senator has given an illustration of the kind of thing to which he earlier referred.

Mr. DOUGLAS. Did that not occur in Laos?

Mr. CHURCH. I believe it may have, and that it was one of the grounds for the serious criticism of our program in Laos.

The PRESIDING OFFICER (Mr. McGEE in the chair). The time of the Senator from Idaho has expired.

Mr. CHURCH. Mr. President, may I ask the Senator in charge of the time on the bill if I may have an additional 5 minutes within which to complete my statement in support of the amendment, in view of the colloquy which has taken place?

The PRESIDING OFFICER. Does the Senator from Arkansas yield 5 minutes to the Senator from Idaho?

Mr. FULBRIGHT. Mr. President, I yield 5 minutes to the Senator from Idaho.

Mr. DOUGLAS. A brief question, if the Senator will permit. Has not the

same thing happened in many southeastern Asian countries and Asian countries?

Mr. CHURCH. It is there, I think, the practice has been the most abusive.

Mr. DOUGLAS. Defense support, therefore, has been a phase of the foreign aid program which perhaps has been more abused than any other phase of the entire program; is that not true?

Mr. CHURCH. I would say that is so. At least, that is my own judgment.

Mr. DOUGLAS. Why does the Senator not propose a larger cut than 10 percent?

Mr. CHURCH. Perhaps because of an excess of caution.

Mr. President, I said at the outset that this was a modest amendment. It would effect a cut of 10 percent in the program, which is comparable to the cut made by the House of Representatives.

The amendment recognizes that there is a close connection between the military assistance program and defense support and that the end objective of each has to do with the size of the military establishment being maintained in the recipient countries.

The Senate by its earlier action this afternoon indicated its judgment that the size of these military establishments in many parts of the world is too large. The effect of the action we have taken in curtailing the military assistance program will naturally be to tend to cause the size of these military establishments to be reduced. If they are reduced in size, then the need for defense support to buoy up the economies supporting them likewise will be reduced.

The amendment seeks to cut 10 percent in defense support, following the cut of nearly 20 percent in military assistance which has already been made. It is consistent with the action we have previously taken this afternoon. It is a modest proposal and involves no real gamble in regard to our national security. And it is in accord with the general action which has already been taken by the House of Representatives. For all three reasons, I think it is an amendment which ought to have the support of the Senate, and I am hopeful the Senate will approve it.

Mr. FULBRIGHT. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 5 minutes.

Mr. FULBRIGHT. Mr. President, I do not wish to labor the point about local currencies. There are many theories about them. We have had all sorts of theories—from the proposal to scatter Greek currency from the top of the Acropolis, to ideas for using such currencies for all kinds of research, and so on.

In fact, with regard to local currencies, there is a great deal of misunderstanding as to what we can do with them and where they exist. There is not very much in the way of local currencies in the areas where we have defense support. I shall quote a few figures from the statistics, with regard to the places where we have large defense support programs in contrast to the areas where there is not any defense support, such as India.

Let us consider Vietnam. There are only \$3 million worth of local currencies left. That is a very small amount. One could not begin to do anything serious by way of supporting the army or anything comparable with that amount.

In contrast, when we consider India, where there is no defense support, no military assistance, there is \$459½ million worth of local currencies. It is true that local currencies are available in India, but there is no defense support in India.

Indonesia is another example where we have a large amount of local currencies, \$91 million, but there is no defense support. We have not had a military assistance program in such countries.

In Korea, we have only \$10 million worth.

In Taiwan we have only \$8 million worth.

In Laos, we have only \$343 worth—not \$343 million, but \$343. In other words, we have virtually none.

Mr. DOUGLAS. Does the Senator say that the money has already been used up?

Mr. FULBRIGHT. That is correct.

Mr. DOUGLAS. They got there first.

Mr. FULBRIGHT. They used it for the purposes the Senator has talked about. There is no great opportunity to use the money, because it does not exist in the places where it is needed.

Furthermore, what money there is, is generated as a result of authorizations provided in the bill. In other words, in order to get local currencies we provide the commodities under the authorization of the bill. The commodities are sold, which generates local currencies. These in turn may be used for local purposes, such as the army.

It seems to me that is quite irrelevant to the question whether we want to cut the defense support. The fact is only a little bit—such a very little bit, as I have indicated—exists in these countries. I do not see that has anything to do with whether we should vote for the amount as recommended in the bill.

With respect to the amendment proposed by the Senator from Idaho, as I have said, I do not know the exact amount needed. I think this is an improvident amendment. The Senator seeks to cut the figure to \$1.5 million more than the House figure. I do not know why the Senator does not go down to the House figure, which is \$750 million. There would not be an appreciable conference on the subject if we did that.

We have already been served notice by one of the leading members of the Appropriations Committee in this regard. He said, "We will cut it 50 percent, if not more." I do not know why the Senator wishes to start cutting now.

I do not see that there is any particular justification for agreeing to the relatively small, modest cut, which I will agree it is. We could make the same argument, I suppose, for \$5 million or \$10 million, more or less. I personally think the Senate ought to accept the committee figure. Then we will go to conference on it. We all know what happens in conference.

This matter must go to the Committee on Appropriations. After the Committee on Appropriations has gotten through with its scalpel I can assure the Senator from Idaho this will not be a very extravagant program.

Mr. MORSE. Mr. President, will the Senator yield me a minute from the time on the bill?

Mr. FULBRIGHT. Mr. President, I yield the Senator 2 minutes from the time on the amendment. I think I have time remaining.

Mr. MORSE. I want to point out to the Senator from Arkansas there is foreign currency available in some of these countries which could be used for defense support purposes. That is what the Senator from Idaho and the Senator from Oregon are seeking to have done. Furthermore, we need to keep in mind that the foreign currencies vary from time to time. They are accumulated.

What we are seeking to do is to stop them from being frozen. We insist that they should be put to use in each of the countries. So, to the extent there is any foreign currency available, all we are saying is that from the standpoint of the American taxpayers that money ought to be spent in the particular country for domestic purposes, rather than to have the American taxpayer send more American dollars into the particular country, when there is foreign currency that could be used.

Furthermore, I think it is important that we narrow the bracket of negotiation in conference.

I happen to believe that the figure of the Senator from Idaho is too small. If I had obtained the floor ahead of him, I would have proposed a cut of at least \$100 million. I could offer an amendment to his amendment, but I do not play the game that way. He has offered his amendment, and if that is the best we can get, I will take that. I have some further amendments providing for cuts which I shall offer later.

I think it is very important to demonstrate to the country, and to take to the House for conference purposes, a cut in the figure that came to the floor of the Senate.

A considerable number of members of the committee felt that the committee figure was too high, and we stated in committee that we proposed, on the floor of the Senate, to try to reduce the amount. I think the Senator from Louisiana [Mr. ELLENDER] had the better figure. I think the one suggested by the Senator from Idaho at least ought to be considered the minimum cut.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has expired or has been yielded back.

The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. CHURCH] to the committee amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota

[Mr. McCARTHY], the Senator from Montana [Mr. MURRAY] are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that, if present and voting, the Senator from Montana [Mr. MURRAY] would vote "yea."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Minnesota [Mr. McCARTHY]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Minnesota would vote "nay."

Mr. KUCHEL. I announce that the Senator from North Dakota [Mr. LANGER] is absent because of illness in his family.

The result was announced—yeas 49, nays 43, as follows:

YEAS—49

Bartlett	Gruening	Pastore
Bible	Hart	Proxmire
Byrd, Va.	Hartke	Randolph
Byrd, W. Va.	Hruska	Robertson
Cannon	Johnston, S.C.	Russell
Case, S. Dak.	Jordan	Schoeppel
Chavez	Kefauver	Smathers
Church	Kerr	Stennis
Curtis	McClellan	Symington
Douglas	McGee	Talmadge
Dworshak	Magnuson	Thurmond
Eastland	Mansfield	Williams, Del.
Ellender	Monroney	Yarborough
Engle	Morse	Young, N. Dak.
Ervin	Moss	Young, Ohio
Frear	Mundt	
Gore	Neuberger	

NAYS—43

Aiken	Dodd	Kuchel
Allott	Fulbright	Lausche
Beall	Goldwater	McNamara
Bennett	Green	Martin
Bridges	Hayden	Morton
Bush	Hennings	Muskie
Butler	Hickenlooper	Prouty
Capehart	Hill	Saltonstall
Carison	Holland	Scott
Carroll	Humphrey	Smith
Case, N.J.	Jackson	Sparkman
Clark	Javits	Wiley
Cooper	Johnson, Tex.	Williams, N.J.
Cotton	Keating	
Dirksen	Kennedy	

NOT VOTING—6

Anderson	Long	Murray
Langer	McCarthy	O'Mahoney

So Mr. CHURCH's amendment to the committee amendment was agreed to.

Mr. MORSE. Mr. President, I move to reconsider the vote by which the Church amendment to the committee amendment was agreed to.

Mr. CHURCH. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

Mr. JOHNSON of Texas. Mr. President, I am informed that there are several more amendments to be voted upon. The Senator from Oregon [Mr. MORSE] has two amendments upon which he desires yea-and-nay votes. The Senator from Louisiana [Mr. ELLENDER] has one amendment upon which he desires a yea-and-nay vote, and three additional amendments.

The chairman [Mr. FULBRIGHT] desires to have a yea-and-nay vote on final passage of the bill.

I think it would require the Senate to remain in session longer than the Senate would desire to stay, in order to complete action on the bill tonight. Therefore I suggest that Senators with-

hold their amendments. The Senate will meet at 10 o'clock tomorrow morning. There will be the usual morning hour. I suggest that Senators be present at 10:30 or 10:45 to begin voting on amendments; and we shall try to vote on final passage of the bill before tomorrow evening. If we are able to pass the bill before that time, the Senate will adjourn at an early hour. If not, it will remain in session at least as long as it has been in session today.

Mr. President, all Senators may then be on notice we anticipate no rollcall this evening, but we shall come in at 10 o'clock tomorrow morning, and as soon as the morning hour is concluded, we will start calling up the amendments.

This morning we were occupied 2 or 3 hours on other matters before we got to the amendment stage. I hope we will be able to reach the amendments tomorrow at an early hour, and if the authors of the amendments will come to the Senate Chamber shortly after the session opens, I think we can conclude action on the bill before a late hour in the evening.

I should say that Senators who may desire to offer amendments that do not require yea and nay votes may offer them this evening. The chairman of the committee and the ranking minority member, if they are agreeable, can accept them. I only wish the Senators to know I will try to protect them from a yea and nay vote this evening.

The PRESIDING OFFICER. The Chair recognizes the Senator from Kansas.

Mr. SCHOEPPPEL. Mr. President, I ask unanimous consent that there may be included in the body of the RECORD some remarks I have prepared on the subject of foreign aid and economic development.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SCHOEPPPEL

FOREIGN AID AND ECONOMIC DEVELOPMENT

On Thursday, July 2, the Senate took an important step in restoring congressional control over the Federal purse strings. It rejected a proposal sponsored by the Democratic majority of the Senate Committee on Foreign Relations which would have authorized the Development Loan Fund to finance itself through public debt transactions completely outside the framework of our normal appropriation procedures.

The Congress has once again increased the national debt limit to a new all-time high. We have no alternative in granting authority to increase the debt ceiling when the Congress places the Treasury in a position where it has lost control over disbursements.

This is invariably the case when the Congress proceeds to authorize Government agencies and departments to bypass the Appropriations Committees and borrow moneys directly from the Treasury without congressional control or even normal review by the Bureau of the Budget.

The majority report of the Senate Committee on Foreign Relations in discussing the Development Loan Fund said:

"These subsections effect a major change in the method of financing the Development Loan Fund. Instead of an authorization of appropriations of \$700 million for fiscal 1960, as proposed by the administra-

tion, the committee bill gives the Fund authority to borrow from the Treasury up to \$1 billion a year in each of 5 fiscal years beginning in 1960. Any unused portion of this borrowing authority in 1 year is to be added to authority available in succeeding years. The Secretary of the Treasury is authorized to meet the Fund's needs by a public debt transaction."

This provision, if it had not been rejected by the Senate, could readily have added another \$5 billion to our national debt over the next 5 years. These funds would be completely outside the normal budget.

The problem has become more acute due to the fact that there are many proposals pending in international agencies to establish new programs to assist so-called underdeveloped countries. On several occasions I have stated the dangers which would confront the United States if the Special United Nations Fund for Economic Development, otherwise known as SUNFED, were established. The State Department has resisted this proposal and by its continued opposition has secured the authorization of the United Nations Special Fund by the General Assembly of the United Nations. U.S. participation in the work of the Fund as well as in the United Nations Program for Technical Assistance, which the Fund assists, is limited to 40 percent of the total contributions by all countries to both programs. The Special Fund will provide technical assistance rather than large-scale capital grants.

A new proposal has recently been advanced to establish an International Development Authority. It is supported by Comdr. Sir Robert G. A. Jackson, chairman of the Development Commission of the Government of Ghana, who happens to be the husband of Barbara Ward, formerly foreign editor of the Economist of London, who has on numerous television programs long supported the thesis that the United States must donate most of the capital if underdeveloped countries are to make any real progress.

The International Development Authority is also supported by Mr. Harlan Cleveland, a dean of Syracuse University, who was formerly Assistant Director of the Mutual Security Agency during the preceding administration.

A report has been written by Commander Jackson entitled "The Case for an International Development Authority." The introduction was prepared by Mr. Cleveland. It disturbs me greatly. Mr. Cleveland's statement will be of interest to every Senator:

"During the 10 years of debate about how best to embark on a bold new program, the desperate need for outside development capital in less-developed lands has resulted in several unrelated efforts to fill in the investment gap. In 1956, for instance, the International Finance Corporation, a hundred-million-dollar affiliate of the World Bank, was created to channel funds to private industrial development. This year the lending authority of the Export-Import Bank was boosted by \$2 billion and the Bank has increasingly concentrated on development loans. But only two faltering steps, one by the United Nations and one by the United States, have been taken in the direction of a true international development authority.

"In the United Nations the support of the newly developing nations themselves has coalesced around a proposal known in alphabetical shorthand as SUNFED—a Special United Nations Fund for Economic Development. (The special was tacked on the front when somebody pointed out the undesirable connotations of the initials UNFED.) The proposal has gone through a good many different versions, but the first proposal called for a United Nations agency under the control of a council of national

representatives, each of which would have an equal voice, thus retreating from the World Bank's weighted voting formula under which a nation's say is related to its contribution. Early official proposals for SUNFED, drawn up by a group of experts at the United Nations, had other disadvantages too. They did not contemplate a strong director, again unlike the World Bank, which is essentially run, not by its Board, but by President Eugene Black and his staff. Moreover, SUNFED, like an international Community Chest, would be dependent on annual contributions by its members instead of starting life, as an investment organization should, with a nest egg of contributed capital.

"For several years the United States has opposed this scheme, fearing its domination by the recipients and arguing that a really big economic development program should await the conclusion of an international disarmament agreement. But just before Christmas of 1957, a watered-down version of the SUNFED proposal was passed by the United Nations General Assembly. It set up a special projects fund to provide 'systematic and sustained assistance in the fields essential to the integrated technical, economic, and social development of less developed countries.' The target for initial contributions was set so low—around a hundred million—that even General Assembly's rare unanimity in approving the Special Fund aroused no great enthusiasm. Most of 1958 has been consumed by the process of collecting from participating nations an initial grubstake for the Special Fund.

"The IDA's funds would come from governmental subscriptions, on an equitable basis—perhaps related to per capita national income, with heavier contributions by wealthier nations. A large part—half or more—of each country's contribution might be in the form of a long-term loan; this part of the United States contribution could be covered, as is now done for the Export-Import Bank, by authorizing a public debt transaction rather than annual appropriations. Some outright contributions would have to be provided also, in order to enable IDA to make small grants and to afford especially favorable interest rates and other terms on its loans.

"Membership would be open to all. The participation of Communist countries could be welcomed; if they came in, they would be unlikely to contribute enough to carry much weight, and whatever was contributed would be substantially controlled by an organization in which the Western countries exercised a preponderant voice."

It is significant that Mr. Cleveland suggests that our contribution should be related to our per capita national income. In other words what is being advocated is an international progressive income tax levied on the more productive nations of the world.

Mr. Cleveland also suggests that the proposed International Development Authority funds should be obtained by authorizing a public debt transaction rather than through annual appropriations—the course the Senate rejected July 2.

May I also bring to the attention of my colleagues his proposal that membership should be open to all and "the participation of Communist countries could be welcomed."

Comdr. Sir Robert G. A. Jackson, a former Deputy Director of UNRRA, and as I have already stated the husband of Barbara Ward, amplified the proposals Dean Cleveland developed. He said:

"It would be politically much easier, and economically much more effective, if much of the capital and manpower needed for these young countries could be provided through international organizations. Some of the capital which has come into these countries since independence has flowed from

the International Bank for Reconstruction and Development and, within available limits of capital, this has been a very successful arrangement. What is needed, however, is a supply of capital on a much bigger scale, properly coordinated with the provision of the manpower necessary to ensure its most effective use. I shall refer to this further when I discuss an International Development Authority.

"I have the impression that some of us are not entirely adjusted to the fact that the governments of most of these new states feel that they must accept diplomatic relations with Moscow and Peking if their foreign policy of nonalignment is to be consistent. They may not always be able to prevent the local Soviet missions from being somewhat overloaded in staff, nor can they close their eyes completely when advantageous offers of trade and aid are put forward from Moscow. We can, I think, be certain that such offers will continue to be made. Russia's economic system is growing rapidly. Something near \$2 billion of loans have been made to the countries of the Asian fringe since 1955, and we can expect higher offers in the next decade. This, too, is something with which we must learn to live.

"What should the Western response be? I sometimes have the impression that the answers we give are too panicky and show insufficient grasp of the free nations' really tremendous assets—so long as these nations play their hands wisely and calmly and patiently. In the first place, all through Asia and Africa the natural underlying links are with the West. This is the inevitable legacy of the colonial phase. If the transfer from dependence to self-government is achieved peacefully, the colonial taint disappears, but the underlying links can remain. Within the commonwealth, the governments are linked in an intimate and organic fashion by their partnership in the sterling area. Every day, officials are in touch, policies are discussed, even decisions reached, with an intimacy and confidence that may well not exist even between Moscow and Peking. At the private level, Western firms, Western managing agents and contractors are again and again the first choice of an ex-colonial country because in turning West it knows the language and it knows the ropes.

"This fortunate survival in a new era of old relationships has failed, unhappily, in Indonesia. It is present everywhere in what was once British Asia. It exists warmly in British West Africa. The French may be able to achieve a similar knitting together of common interests provided the Algerian tragedy is brought to an end. All this solid daily business of contact and activity—which few observers expected to see as the outcome of colonialism—is of such vital importance in the balance of world power and interest that I am sometimes astonished at the degree to which it is overlooked.

"But perhaps this is just as well. For to underline it might be to damage it. It exists today on a firm basis of common interest, remembered and current friendships, and a certain sympathy born of having successfully shared in a common historical experience. It is not every minister who can sit down at ease with a British friend and reminisce, 'Do you remember the day you let me out of prison?'

"Seriously, though, these links and sentiments must simply exist. They cannot be manipulated. And I see great danger in the enthusiasm with which some westerners seek in the name of anticommunism to give all their activities in the newly independent states a pointed, directed, politically interested stamp. I do not believe that it is in the interest of the West to urge ex-colonial governments to sign up on our side. . . .

"The third point, clarified by our 12 years of postwar experience, concerns the condi-

tions under which, in earlier days, capital became available from outside to assist in development. I imagine that many of us in the West feel that large movements of capital should be somehow automatic, with capital seeking the best areas of investment and responding to opportunities for profit. This would be the natural method and to those who reason thus governmental activities or action by international agencies are felt to be a disturbing departure from the old, free, liberal tradition. It is therefore relevant to ask how the movements of capital occurred in the past and whether automatic methods would still bring the same results. With our present hindsight, we can see that a number of essential elements in the earlier patterns of international investment are now lacking. In the first place, the world is much less secure. I do not mean that 19th century investors enjoyed, or even sought, perfect security. The very phrase 'risk capital' includes the idea that risks are actually run. Latin American investment was a tricky business. Baring Bros., the main British bankers, went bankrupt twice in a long and eventually fruitful effort to develop South America. But today the one-time prop of law and order in large parts of the world—the colonial control exercised by European powers—has vanished, and rightly so. What takes its place is, to say the least, much more uncertain.

"Furthermore, much automatic investment has vanished, or is vanishing, with the end of colonialism. Large parts of the old infrastructure, Indian railways, irrigation works, port facilities, and communications networks, for example, were provided by the old imperial governments. Sometimes, as with Kenya and Uganda, infrastructure such as the Uganda Railway actually preceded the economy itself. Nor is this simply an historical point. Since 1945, Britain has been providing its colonies with some \$50 to \$60 million a year for basic development. France's figure for Africa is about \$250 million dollars a year. Yet the British effort is diminishing, the future of the French effort far from secure.

"Another vital fact is that the whole outlook for private capital has changed. The prime motive in Britain's export of 7 percent of its national income in investment overseas for long periods before 1914 was the smallness of the domestic base and the wide open opportunities overseas for the industrial innovator. In those days, not only raw material development but railways and harbors, too, brought in good dividends. Private investment before 1914 encompassed the infrastructure along with the exploitation of minerals or agricultural export crops.

"Today the largest potential investor, America, has a vast prosperous internal market. There are no automatic pressures to equal Britain's earlier percentage and the equivalent rate for America today would mean an annual export of about \$30 billion instead of the actual combined public and private figure of perhaps \$10 billion. Moreover, basic development no longer earns dividends. America's private investment which reached \$6 billion in its best postwar year is overwhelmingly in oil, or in mineral development in the security economy of Canada. For strictly underdeveloped areas, the figure is not much above 1 billion, and it is not devoted to basic development. Yet the provision of transportation, ports and power is a precondition for further general growth and for developing private investment in most emergent territories.

"The inescapable fact is that the automatic processes of international investment which we, looking back with nostalgia to the pre-1914 world would like to take for granted, no longer operate fully in 1958. This is not to say that private investment has not a vital part to play. But the con-

ditions no longer prevail under which it will undertake the whole range of essential development. At the same time, most of the governmental agencies of the past are ending or at least reducing their activities."

Contrary to the knowledge most of us have unfortunately shared, Commander Jackson believes that the Russians will observe whatever commitments they make. He said:

"It will be said that the Russians could not be relied upon to abide by the principles and limitations of a joint operating international agency, that their cooperation would mean an authority riddled with intrigue and sabotage and quite unable to pursue its general purpose of giving aid and securing growth in freedom and independence. One cannot deny the risk but, if I may speak from personal experience of working with the Russians in a large operating international enterprise, I would say that these risks can be almost completely eliminated on two conditions.

"The first is the drawing up of the most careful and detailed articles of agreement when the agency is established. The Russians, I suspect, are legalists. Hold them to the detailed letter of an agreement they have signed and they tend to abide by their acceptance. In any case, the sanction—which is their exclusion from the agency because of failure to observe its basic constitution—is one they tend to respect. Dealings would be tough, every advantage would be sought, every opening exploited, but at least the operation would occur within a manageable framework."

The Marshall plan was recommended when it was quite obvious that UNRRA could not fairly distribute relief and rehabilitation without Communist domination. President Truman, a Democrat, proposed the Marshall plan to the Republican 80th Congress which adopted it—yet Commander Jackson in spite of this experience said:

"The second condition is a thoroughly efficient and tough administration at the top of the agency. That, at least, was the experience of the United Nations Relief and Rehabilitation Administration, and an International Development Authority might follow the same pattern."

In opposing SUNFED the U.S. State Department and many Senators have been staggered at the ultimate cost to the American taxpayer—yet SUNFED as originally conceived is a small operation in contrast with the proposed International Development Authority.

Commander Jackson said:

"The last problem concerns the scale of operations of the Development Authority, the scale needed to ensure that in the next 40 or 50 years the world does not go down under a freight of misery, hunger, and despair. I believe only a very general answer is possible, simply because of the immense variety of economies and projects entailed in the effective modernization of the emergent nations. Eight years ago, an expert group of international economists put the gap between available and needed capital for the emergent nations at \$19 billion. Today, it would be reasonable to revise the figure upwards and to envisage the original capital needed for a Development Authority in the neighborhood of \$25 billion.

"This sum would be used gradually over the years. From its loans would be made at interest rates geared to the low margins and productivity of underdeveloped areas. It might also provide a reserve for disaster and for various special emergencies, such as sudden violent fluctuations in commodity prices. It could be in some measure replenished by nations with more than a certain per capita annual income—say, \$750—making an annual contribution to its operating costs. One percent of the national income of the Atlantic nations today would

provide about \$5 billion a year, but it would be of great importance for the less wealthy nations also to make contributions to the funds of the Authority proportionate to their resources. In other words, it would probably be possible to base a long-term policy of peaceful worldwide development upon a capital sum equivalent to less than half the current arms budget of the Western Powers for one single year and sustain it with not much more money than Britain spends each year on drinking, gambling and smoking.

"I do not think these comparisons to be unfair or loaded. The figure of \$25 billion, even spread over a number of years, seems vast when measured by our normal reactions to foreign spending. But we have accepted far higher arms figures in our search for security. It must always be a source of amazement that our Governments are so ready to face the vast financial requirements of a fantastic defense effort and yet still fail to realize that positive economic policies which could secure peace in great areas of the world cannot be purchased at bargain rates."

It amazes me that responsible economists have so completely misread the history of American economic development which should provide a basis for sound progress in other underdeveloped countries today. One hundred and fifty years ago the United States was certainly underdeveloped and our present position in the world was not secured through grants from a multitude of international agencies.

The growth of America to a world power was described in a book written by the late William E. Rappard in 1955, entitled "The Secret of American Prosperity." Professor Rappard was a most unusual person. He was a professor at the University of Geneva and the founder and director of its Graduate Institute of International Studies. He was politically a citizen of Switzerland and culturally a citizen of the world. As Prof. Arthur N. Holcombe, of Harvard, has written: "Rappard has led several different lives concurrently, in each of which he has attained extraordinary distinction. He has been a Swiss political economist and constitutional historian, an American university teacher and public lecturer, and an international politician and administrator."

He was born in New York of Swiss parents. He was a graduate student of economics at Harvard in 1906-07 and a member of the faculty of arts and sciences there, giving courses in economics from 1911 to 1913. In that year he resigned in order to accept a professorship at Geneva. During the First World War, however, he visited Washington as a member of a Swiss mission sent over to secure the food supply of his own country.

Professor Rappard found that the United States obtained its present eminent position because we were willing to work hard and created an environment conducive to thrift and capital formation. His book includes numerous references by contemporary European observers of the earlier days of our history which conclusively show that foreign aid and gifts from others were not the source of America's unique productivity.

There follows excerpts from Professor Rappard's book, "The Secret of American Prosperity," taken from the chapter entitled "Remarks of Some Observers":

"The first quotation is from what is perhaps the most widely read work of all economic literature, a work which has the same age as the United States. In 1776, the year of the American Declaration of Independence, Adam Smith wrote in the first book of 'The Wealth of Nations':

"'England is certainly, in the present times, a much richer country than any part of North America. The wages of labor, however, are much higher in North America than in any part of England. In the province of

New York, common laborers earn * * * two shillings sterling a day; ship carpenters * * * six shillings and sixpence sterling; house carpenters and bricklayers * * * four shillings and sixpence sterling; journeyman tailors * * * two shillings and tenpence sterling. These prices are all above the London price; and wages are said to be as high in the other colonies as in New York. The price of provisions is every where in North America much lower than in England. A dearth has never been known there. * * * If the money price of labor, therefore, be higher than it is any where in the mother country, its real price * * * must be higher in a still greater proportion.

"But though North America is not yet so rich as England, it is much more thriving, and advancing with much greater rapidity to the further acquisition of riches. * * * Labor is there so well rewarded that a numerous family of children, instead of being a burthen is a source of opulence and prosperity to the parents. * * * The value of children is the greatest of all encouragements to marriage."¹

"There is our opening shot—the economic situation of the British North American colonies on the eve of their political emancipation. Let us now watch a little more closely the progress made during the 50 years which followed the birth of the new state. For this we shall draw upon the accounts of a French witness whose observations are for a variety of reasons a first-rate historical source. He had a very keen mind and had had a technical training both in engineering and economics. And though he was engaged on a special mission, he nevertheless enjoyed complete freedom of speech. Even today, after more than a century, Michel Chevalier's 'Letters on North America'² not only make entertaining reading, but are also of really topical interest. Chevalier, who was less than 30 at the time, wrote them in the course of the 2 years he spent in America, from the end of 1833 to the end of 1835.

"The land which the young Saint-Simonian engineer was visiting on behalf of the government of Louis-Philippe was no longer the one seen by Adam Smith in 1776. The 13 former British colonies had grown into a Federation of 25 American States. The population had risen from less than 4 million in 1790 to nearly 30 million in 1830. Agriculture was flourishing, and so were the shipbuilding yards. Moreover, in addition to large factories for cotton manufactures, some heavy industries had appeared. As a result there had been profound changes in America's foreign trade.

"First of all, here are some general observations on the apparent wealth of the American population:

"There is one thing in the United States that strikes a stranger on stepping ashore, and is of a character to silence his sentiments of national pride, particularly if he is an Englishman; it is the appearance of general ease in the condition of the people of this country. While European communities are more or less cankered with the sore of pauperism, for which their ablest statesmen have as yet been able to find no healing balm, there are here no paupers, at least not in the Northern and Western States, which have protected themselves from the leprosy of slavery."³

"The United States are certainly the land of promise for the laboring class. What a

contrast between our Europe and America. After landing in New York, I thought every day was Sunday, for the whole population that throngs Broadway seemed to be arrayed in their Sunday's best. None of those countenances ghastly with the privations or the foul air of Paris; nothing like our wretched scavengers, our ragmen, and corresponding classes of the other sex. Every man was warmly clad in an outer garment; every woman had her cloak and bonnet of the latest Paris fashion."⁴

"If then we examine the condition of the American multitude, we find it, taken as a whole, to be much superior to that of the mass in Europe. It is true that it appears to be almost completely destitute of certain faculties, which are possessed by the European populace. There are, for instance, at times, a hundredfold more gleams of taste and poetical genius in the brain of the most beggarly lazzarone of Naples, than in that of the republican mechanic or farmer of the New World. The houseless young vagabonds of Paris have transient flashes of chivalric feeling and greatness of soul, which the American operative never equals."⁵

"It would be a mistake to infer from what has been said, that the American civilization is superior to our own. The multitude in the United States is superior to the multitude in Europe; but the higher classes in the New World are inferior to those of the Old."⁶

"The optimism of these judgements is plainly due in part to the youthful enthusiasm of the writer. These views on the future of the economic civilization of the New World are also interesting:

"American society * * * seems destined to reach a degree of prosperity, power, and happiness, much superior to what we have attained with our semifeudal organization, and our fixed antipathy against all moral rule and all authority."⁷

"It must be allowed that [the] ardent and entire devotion to business gives the Nation a strange aspect in the eyes of a European: And this explains the fact that the Americans have found so little favor with most foreigners who have visited their country. But, in return, they are sure of the gratitude of that innumerable posterity for whom they are preparing with such energy and sagacity an abode of plenty, a land of promise. This posterity, it is said, will change the habits of their fathers, will adopt new tastes, and even new institutions. So be it. It is of little consequence whether the Americans of the 20th or 21st century, shall retain the national character, customs, and laws of the Americans of the 19th. But the more interesting consideration is, whether the Americans of our day do not fulfill, as perfectly as human nature is capable of doing, the mission which Providence has entrusted to them, that of acting as a Nation of pioneers and subduers of the forest; and if they do not deserve to be excused, like all nations and individuals, for having the defects inherent in their good qualities. The question thus stated will be easily answered by everyone who sets any value on the interests and welfare of the future."⁸

"But what is even more instructive than these general observations and forecasts are the explanations which Chevalier gives of the prosperity he finds in the United States. Though he does not say it in so many words, one is well aware that it is the investigation of the causes of this situation which is the principal preoccupation of the French economist.

"It is Chevalier's belief that the ultimate cause of America's prosperity is to be found in the energy of its people much more than in their physical surroundings. Thus he writes:

"The admirable prosperity of the United States is the fruit of labour, much more than of any reform in taxation. The soil has not the luxuriant fertility of the tropical regions; roasted larks fly into nobody's mouth; but the American is a model of industry. This country is not a second edition of the Greek and Roman republics; it is a gigantic commercial house, which owns its wheatfields in the Northwest, its cotton, rice and tobacco plantations in the South, which maintains its sugar works, its establishments for salting provisions, and some good beginnings of manufactures, which has its harbours in the Northeast thronged with fine ships, well built and better manned, by means of which it undertakes to carry for the world and to speculate on the wants of all nations."⁹

"The United States are not, in Chevalier's opinion, more favored by nature than other parts of the New World. On the contrary, they are less well-off than the areas most richly endowed with minerals, for example. But they know how to turn the resources they do have to exceptionally good account, mainly because of the care they have given to the construction and exploitation of roads, canals, steam navigation, and above all, of railways, which, he says, have become since the spring of 1834 'a perfect mania'¹⁰ with the American public. He also says:

"Such is the influence of routes of communication on which cheapness is combined with dispatch. In Mexico, where nature has done so much, and where, in return, man has done so little, in those countries where natural resources are, perhaps, tenfold greater than those of the United States, but where man is a hundredfold less active and industrious, transportation is effected wholly on the backs of mules or men, even in the plain country."¹¹

"The spectacle of a young people, executing in the short space of 15 years, a series of works, which the most powerful states of Europe with a population of three or four times as great, would have shrunk from undertaking, is in truth a noble sight. The advantages which result from these enterprises to the public prosperity are incalculable."¹²

"There is no doubt that the vast tracts of land, which are free to all comers, and which are only awaiting the efforts of the pioneer to be opened up and cultivated to become a source of wealth for the whole nation, are one of the reasons for its prosperity, Michel Chevalier writes:

"While the Americans have the vast domain in the West, a common fund, from which, by industry, each may draw for himself and by himself, an ample heritage, an extreme fall of wages is not to be apprehended."¹³

"Further on, Chevalier gives a vivid description of the immigrant's first contact with his new lands and of the way this transforms him, no less than he transforms them:

"Figure to yourself an Irish peasant, who at home could scarcely earn enough to live on potatoes, who would look upon himself as a rich man if he owned an acre of ground, but who, upon stepping ashore at New York, finds himself able to earn a dollar a day by the mere strength of his arm. He feeds and lodges himself for \$2 a week, and at the end of a fortnight he may have saved enough to buy 10 acres of the most fertile land in the

¹ Adam Smith, "The Wealth of Nations," London, 1776; ed. Cannan, London, 1904; book I, pp. 71-75.

² "Lettres sur l'Amérique du Nord," Rev. ed., Paris, 1837, 2 vol. An English translation has appeared under the title of "Society, Manners and Politics in the United States," Boston, 1839.

³ "Society Manners," op. cit., p. 107.

⁴ Op. cit., pp. 341-342.

⁵ Op. cit., p. 433.

⁶ Op. cit., p. 438.

⁷ Op. cit., pp. 174-175.

⁸ Op. cit., pp. 208-209.

⁹ Op. cit., p. 345.

¹⁰ Op. cit. p. 82.

¹¹ Op. cit., pp. 216-217.

¹² Op. cit., pp. 274-275.

¹³ Op. cit., p. 144.

world. The distance from New York to the West is great, it is true, but the fare on the great canal is trifling, and he can easily pay his way by the work of his hands. It is also true, that the poorest Irishman would not think of buying so little as 10 acres; the least that one buys in the West is 80. What of that? The savings of a few months will enable him to encompass them; besides, Uncle Sam favors emigrants, and if, in theory, he does not sell his land on credit, he is, in fact, very indulgent to the pioneer who comes to subdue the savage wilderness, and he allows him to occupy the soil temporarily without charge.¹⁴

"However favorable to the American economy may be the reserve of virgin soil, which then seemed unlimited, the real secret of its remarkable expansion lies elsewhere. It is to be found in the fever for productive work which makes the American permanently a man of business.¹⁵

"The whole of Chevalier's work is like a hymn to the ideal of productive work, to which the Saint-Simonian in him is particularly sensitive. Here, for example, is how he describes this hive of industry:

"The manners and customs are altogether those of a working, busy society. At the age of 15 years, a man is engaged in business; at 21 he is established, he has his farm, his workshop, his countingroom, or his office, in a word his employment, whatever it may be. He now also takes a wife, and at 22 is the father of a family, and consequently has a powerful stimulus to excite him to industry. A man who has no profession, and, which is nearly the same thing, who is not married, enjoys little consideration; he, who is an active and useful member of society, who contributes his share to augment the national wealth and increase the numbers of the population, he only is looked upon with respect and favor. The American is educated with the idea that he will have some particular occupation, that he is to be a farmer, artisan, manufacturer, merchant, speculator, lawyer, physician, or minister, perhaps all in succession, and that, if he is active and intelligent, he will make his fortune. He has no conception of living without a profession, even when his family is rich, for he sees nobody about him, not engaged in business. The man of leisure is a variety of the human species, of which the Yankee does not suspect the existence, and he knows that if rich today, his father may be ruined tomorrow. Besides, the father himself is engaged in business according to custom, and does not think of dispossessing himself of his fortune; if the son wishes to have one at present, let him make it himself.

"The habits of life are those of an exclusively working people. From the moment he gets up the American is at his work, and he is engaged in it till the hour of sleep. Pleasure is never permitted to interrupt his business. Public affairs only have the right to occupy a few moments. Even mealtime is not for him a period of relaxation, in which his wearied mind seeks repose in the bosom of his friends; it is only a disagreeable interruption of business, an interruption to which he yields because it cannot be avoided but which he abridges as much as possible. In the evening, if no political meeting requires his attendance, if he does not go to discuss some question of public interest, or to a religious meeting, he sits at home, thoughtful and absorbed in his meditations, whether on the transactions of the day or the projects of the morrow.¹⁶

"This ardent and almost exclusive devotion to business is attributed by Chevalier to the

absence in the Americans of the variety of tastes and traditions which distract the attention of their rivals in Europe. It is also due to the vitality of this race of pioneers formed by the selective process of the emigration of the most impatient, and to the universal spirit of equality which knows no distinction but that of success in business.

"The education of the children born in the new world also plays a part. Here are some of the remarks Chevalier made on the subject:

"In the Northern States, the laboring classes are whites, and there the law makes a liberal provision for popular instruction. Almost everywhere in the North, all the children go to primary schools. Elementary education is there of a more practical character than with us; it is our primary instruction, with the omission of the ideal, and the addition of some instruction in commercial and economic affairs; but there is no practical industrial education here except by apprenticeship. There are no mechanical or agricultural seminaries. It is not thought necessary here to shut up the young in such institutions to inspire them with a taste for commerce, agriculture, or the mechanical arts; they suck it in with their mother's milk; they breathe the air of industry under the paternal roof, in the places of public resort, in the public meetings, everywhere, at all times, and in every act of life. When an American wishes to learn a trade, he goes into the workshop, the countinghouse, the manufactory, as an apprentice. By seeing others act, he learns how to act himself; he becomes an artisan, a manufacturer, a merchant; all the faculties of his firm and watchful mind, all the energies of his ambitious spirit are centered in his workshop or warehouse. He directs all his powers to making himself master of his business, to learn the lessons of others' experience, and he succeeds of course, as everyone does who obeys the voice of his destiny. I do not pretend that the Americans are right in not having recourse to a theoretical preparation for a particular branch of business, for which we have instituted such costly establishments. I only record the fact with the observation that they get on very well without it.¹⁷

"The day his professional education is finished, the American launches out in pursuit of wealth. He is encouraged by his natural ambition and by seeing the success of his elders. The American, writes Chevalier, is in general 'little disposed to be contented; his idea of equality is to be inferior to none, but he endeavours to rise only in one direction. His only means, and the object of his whole thought, is to subdue the material world, or, in other words, it is industry in its various branches, business, speculation, work, action.'¹⁸

"Another thing which encourages the productive effort of the American is the equalitarian spirit which pervades the society in which he lives. It convinces him that nothing is impossible for him and that none of his objectives cannot be achieved. Here are some of Chevalier's remarks on the effect of this equalitarian spirit on the outlook of the young American:

"As the price of common objects of consumption, that is, bread, meat, coffee, tea, sugar, and fuel, is generally lower in the United States than in France, and especially in Paris, a salary of \$1,500 or \$2,000 is sufficient in most cases to support a family in comfort, and abundance. An officer of the government, who receives from \$400 to \$600 in Paris, lives only by practicing the

strictest economy if he is a bachelor, and suffers great privations if he is a married man. At Washington he would receive from \$1,000 to \$1,200 and would live in abundance and comfort, if not style and luxury. Nor would he here, as with us, be condemned to the punishment of Tantalus, for the pomp and splendour of the privileged classes in the European capitals is unknown in the United States. In Paris, the employé is bespattered with mud by the equipage of a man who spends his \$20,000 a year; in the streets of Philadelphia, he would elbow a rich capitalist who kept no coach because he would not know what to do with it, and who, with a revenue of \$30,000 or \$60,000, cannot spend more than 8,000 to 10,000 at the most. The ratio of conditions, which in Paris is as 1 to 40, is here not more than 1 to 8.

"Here the condition of the richest merchant, and that of a mechanic and a farmer, are not essentially different; the difference is merely in degree and not in kind. All have similar houses, built on a similar plan; only one has a front 5 or 6 feet wider, and is one or two stories higher than another; the distribution of apartments, and the furniture are similar. All have carpets from the cellar to the garret, all sleep in large high-post bedsteads very much like each other, projecting out into a chamber without closets, alcoves, or double door, and with bare walls; only the carpets of one are coarse, and those of the other are fine, the bedstead of the rich is of mahogany, and that of the mechanic of cherry or walnut. In general the table is served much alike; there is the same number of dishes. This is so much the case, that, if my French palate had to decide between the dinner of a great city hotel (excepting those of Boston, New York, Philadelphia, and Baltimore), and that of a country inn, at which I should sit by the side of the blacksmith of the place, with sooty visage and with sleeves rolled up, I think that I should really pronounce in favour of the latter.¹⁹

"This universal race for wealth is run at a furious pace. There is nothing to slow it down—neither the attachment to traditional habits, which acts as a brake elsewhere, nor any of the impediments which often restrict the play of free competition in the Old World. In the United States, on the contrary, it is an unbridled, all-out race. Here are some final quotations which will show in Chevalier's own words his thoughts on this subject:

"Whether it be that a continual competition has given him the habit, or that he has an exaggerated estimate of the value of time, or that the unsettled state of everything around him, keeps his nervous system in a state of perpetual agitation, or that he has come thus from the hands of nature, he always has something to be done, he is always in a terrible hurry. He is fit for all sorts of work, except those which require slow and minute processes. The idea of these fills him with horror; it is his hell. 'We are born in haste,' says an American writer, 'we finish our education on the run; we marry on the wing; we make a fortune at a stroke, and lose it in the same manner, to make and lose it again ten times over in the twinkling of an eye. Our body is a locomotive, going at the rate of 25 miles an hour; our soul, a high-pressure engine; our life is like a shooting star, and death overtakes us at last like a flash of lightning.'²⁰

"An American's business is always to be on edge lest his neighbor get there before him. If a hundred Americans were about to go before a firing squad, they would start

¹⁴ Op. cit., p. 343.

¹⁵ Op. cit., p. 285.

¹⁶ Op. cit., pp. 283-284.

¹⁷ Op. cit., p. 347.

¹⁸ Op. cit., p. 277.

¹⁹ Op. cit., pp. 301-303.

²⁰ Op. cit., p. 286. We have not been able to discover the name of the author here quoted by Chevalier.

fighting for the privilege of going first, so used are they to competition.²¹

"Unlimited competition having become the sole law of labor, everyone being his own master * * * there have been many evil practices and not a little suffering. Industry has become a veritable battlefield where everyone has fought with equal weapons and where unworthy stratagems have not been unknown; where the strong, that is the employer, at the very moment when he thinks victory is his, is treacherously struck down by bankruptcy; where the weak, that is the worker, has all too often to bear the costs of the war. Yet, up till now at least, the total gain has undoubtedly been greater than the total evil."²²

"The United States was the subject of another French work, much better known than Chevalier's, which was written at the same time by his famous compatriot and contemporary, de Tocqueville. However the two volumes of 'Democracy in America' will not detain us long here. If Chevalier's attention was devoted to the economic life of the great American republic, it was its ideas, opinions, and political institutions which absorbed de Tocqueville's. Let us simply note in passing that despite all that separates these two writers they were in agreement in recognizing in the pursuit of wealth the ruling passion of the American people. Here is what de Tocqueville has to say on this subject:

"The Americans are a very ancient and a very enlightened people who have come upon a new and immense country in which they can spread out as much as they want, and which they are developing without any hindrance. This situation is quite unique in the world. In America, then, everyone finds opportunities unknown elsewhere to make his fortune or to increase it. The desire to make money never flags there, and men's minds, quite heedless of the pleasures of the imagination and the occupations of the intellect, are directed exclusively to the pursuit of wealth. Not only does one see in the United States, as in every other country, industrial and commercial classes, but there—and this has never been met with before—every man is engaged in both industry and trade at the same time."²³

"It is interesting to note that even in the middle of the last century the opinion seemed to be current in Europe that the United States had paid too dearly in moral values for the high degree of material prosperity which it was unanimously recognized to have. In some people this opinion seems to have been modified somewhat in the light of the human qualities revealed by the Americans during the terrible Civil War which they waged against each other from 1861 to 1865. Thus in 1848, in the first edition of his 'Principles of Political Economy,' J. S. Mill had written:

"I confess I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human kind, or anything but the disagreeable symptoms of one of the phases of industrial progress. It may be a necessary stage in the progress of civilization, and those European nations which have hitherto been so fortunate as to be preserved from it, may have it yet to undergo. The northern and middle States of America are a specimen of

this stage of civilization in very favorable circumstances; having, apparently, got rid of all social injustices and inequalities that affect persons of Caucasian race and of the male sex, while the proportion of population to capital and land is such as to insure abundance to every able-bodied member of the community who does not forfeit it by misconduct. They have the six points of Chartism, and they have no poverty; and all that these advantages seem to have done for them is that the life of the whole of one sex is devoted to dollar hunting, and of the other to breeding dollar hunters."

"In the sixth edition of his 'Principles,' which appeared in 1865, Mill replaced the above passage, after the words 'the northern and middle States, etc.,' by this sentence:

"It is an incident of growth, not a mark of decline, for it is not necessarily destructive of the higher aspirations and the heroic virtues; as America, in her great Civil War, has proved to the world, both by her conduct as a people and by numerous splendid individual examples."²⁴

"From the first phases of its industrial revolution, described and explained with such vivacity by Michel Chevalier, and throughout the inferno of the Civil War, the United States never paused in its economic advance. After the crisis of 1873 and despite those of 1884 and 1893, it has risen step by step to such heights that it has caught up with its most advanced competitors and today, after the Thirty Years' War of the 20th century, has outstripped them.

"All that is more or less beyond question, as is, moreover, the decisive influence of that long war. By throwing the economic life of the Old World into utter confusion, and by stimulating at the same time the productive effort of the new, this war, more than any previous event and more than any other circumstance, insured the economic superiority of the United States.

"But what was the situation on the eve of that event? It is of the utmost importance to know this if we are to determine with any degree of certainty the relative importance of the various factors which are now contributing to this superiority.

"In spite of our skepticism with regard to statistics of national income, particularly those prior to the present century, we venture to quote in this connection one of the most daring, most painstaking, and most original of contemporary economists. Colin Clark, in 1940, made bold to affirm in the first edition of his book that 'between 1850 and 1900 the United States had much the highest real income per head in the world.'²⁵ Though this passage does not reappear in the second edition, of 1951, Clark does not seem to have changed his opinion on the matter.²⁶ The view expressed in 1940 by the eminent Australian statistician was certainly very widespread at the end of the 19th century in the United States itself. Thus, for example, Francis A. Walker, in the third edition of his 'Political Economy,' which was published in New York in 1888, did not hesitate to declare that, of all the workers of the world, those of his country were at the same time the best fed, the best housed, and the most skilled in handling complicated machines, and that as a result they enjoyed an industrial productivity vastly superior to any known elsewhere.²⁷

"This is all the easier to believe when we remember that, despite a nominal wage level

several times higher than in the most advanced countries of the Old World, American industry was already beginning to win foreign markets in many fields. Great Britain, which since the 19th century had been the undisputed mistress of a large number of markets, particularly in Latin America, began to show anxiety about U.S. competition; for it was as great a threat as Germany to her commercial empire. To appreciate this fully it is interesting to read the two volumes which Arthur Shadwell published in 1908; 'Industrial Efficiency: A Comparative Study of Industrial Life in England, Germany, and America.'²⁸ After several years' investigation, in the course of which he visited the principal industrial centers of Germany and the United States, this English doctor was forced to conclusions which were plainly painful to his British patriotism. This is how he sums up in the conclusion his views on the three countries whose industrial life he has studied:

"I am not going to argue what is better or not, because I do not know what 'better' means; but this I do know, that the man who works will beat the man who does not, and the nations which have outstripped us in industry—which is the point—have done so by working harder."²⁹

"Although he regards Germany as a far more formidable competitor than the United States,³⁰ this very authoritative witness pays tribute to the intellectual vivacity, to the zeal, to the originality, and to the consequent productivity of the American industrial population—employees no less than employers. This tribute will serve to confirm the opinion which the impartial judge will already have formed on this subject on the basis of other information.³¹

"The most erudite and critical statistical analysis of the economic progress of the United States which has ever been undertaken is undoubtedly the one whose results were published in 1952 by Kuznets and Goldsmith.³² But just because of their extreme caution it is impossible to draw from their scholarly investigations any clear-cut conclusions about the variations in the pace of this progress from the end of the eighteenth century to the present day. One thing, however, which does seem to stand out plainly from their inquiry is that the pace has been becoming faster and faster in the last two generations.

"Moreover, this impression is confirmed by some recent works like the fascinating book of F. L. Allen.³³ This writer, who is studying the evolution of his country in the course of the 20th century, boldly entitles one of his chapters 'Faster, faster.'³⁴

"But whatever the effect of the two World Wars on the economic lead of the United States over its competitors in the Old World, that alone could never explain this lead, since it seems to have been won well before 1914."

²¹ London, 1906.

²² Op. cit., vol. II, p. 460.

²³ Op. cit., vol. II, p. 467.

²⁴ Cf. also L. R. Blach, "Three Industrial Nations. An Industrial Geography of England, Germany, and the United States," New York, 1915. This manual, written just before the First World War for use in schools in the Middle West, shows clearly that, according to popular opinion in the United States, that country knew no other economic rivals at that time but Great Britain and Germany.

²⁵ Simon Kuznets and Raymond Goldsmith, "Income and Wealth of the United States," Cambridge (Great Britain), 1952, p. 328.

²⁶ Frederic Lewis Allen, "The Big Change. America Transforms Itself, 1900-1950," New York, 1952.

²⁷ Op. cit., pp. 187 ss.

²¹ This passage has not been reproduced in the English translation. It is therefore taken direct from the French edition, vol. II, pp. 423-424.

²² Op. cit., French edition, vol. II, p. 193.

²³ Alexis de Tocqueville, "La démocratie en Amérique," 14th ed., Paris, 1864, vol. III, p. 57.

²⁴ John Stuart Mill, "Principles of Political Economy With Some of Their Applications to Social Philosophy," 2d ed., Ashley, London, 1909; p. 748.

²⁵ Colin Clark, "The Conditions of Economic Progress," London, 1940, p. 4; cf. also in the same volume, pp. 78 sq., 147 sq.

²⁶ Cf. op. cit., 2d ed., London, 1951, pp. 46 sq., 250 sq.

²⁷ Op. cit., pp. 68 sq.

I have included these significant quotations in the RECORD, as the time has come when every American must again be taught the basis of our economic achievements. Furthermore in considering proposals for economic aid we must make sure that recipient countries can benefit from our own experience. Those who in other nations wish to enjoy the amenities which hard work has achieved for Americans must emulate some of the methods we have adopted rather than to expect that the American taxpayer will continue to transfer the wealth he has created to other nations through international agencies.

I have long supported the thesis that military assistance to countries who wish to resist the deadly virus of Communist totalitarianism is in the best interests of all our people. On the other hand, I cannot agree to the proposition that we should support any program which guarantees full employment in New Delhi, Rangoon, Paris, and Rome if it also promises unemployment and bread lines in Topeka and Wichita.

Mr. GORE. Mr. President, there is one section of the bill which I consider to be very important.

The military aid segment of our mutual security program is justified on the basis that, by bolstering the military strength of those nations to which aid is extended, we increase our collective strength, thereby strengthening our own national security.

Insofar as military aid to Latin America is concerned, this program was conceived and justified as a means of enhancing the defense of the Western Hemisphere. The 12 bilateral military agreements with the various Latin American Republics each contains a proviso that any armaments provided thereunder shall be used only for hemisphere defense purposes.

Moreover, the Congress has inserted in authorization legislation successively stronger stipulations to stress the underlying purpose of military aid to Latin American nations. Existing law contains a stipulation that this aid is to be provided "only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere." The pending bill goes even further by providing that "military equipment and materials may be furnished to other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere."

In last year's act the Congress ordered that "internal security requirements shall not normally be the basis for military assistance programs to American Republics." In the pending bill the word "normally" is deleted from the foregoing clause restricting the basis upon which military assistance can be granted.

The entire history of military assistance to Latin America makes abundantly clear the underlying purpose of providing assistance for the purpose of hemisphere defense. Despite the fact that the Congress has clearly identified the purpose of the program, in practice, implementation of the program has created a special set of problems which may actually damage the long-range interest of the United States.

In large measure, these problems are raised as the result of granting military assistance to individual countries through bilateral agreements.

Bilateral military aid has had the effect in some cases of promoting armaments races between Latin American countries. What we have given one nation for hemisphere defense has provoked demands by another for military aid.

The existence of this "competition" is well known. Indeed it is the major reason given by the executive branch for the cloak of secrecy drawn around the country by country details of foreign aid. It is hoped that withholding of public information about what is received by country A will provide less basis for pleas for similar assistance by countries B and C. Despite efforts at secrecy, however, it is not always possible to hide the extent of military aid granted to any country. A case in point occurred last year when it became known that the United States proposed turning a destroyer over to Peru. Ecuador, which has a long-standing border dispute with Peru, demanded equal treatment. The Defense Department contended that Ecuador had been omitted from the legislation under which war vessels were transferred because its economy could not support a destroyer. Ecuador was finally included in the bill. I doubt that it could be argued successfully that Ecuador's possession of a destroyer was for "missions important to the defense of the Western Hemisphere." For that matter, and without in any sense intending to disparage either Ecuador or Peru, I have some difficulty in understanding how possession of an additional U.S. destroyer by Peru and Ecuador would measurably increase their contribution to the defense of the United States and our other Latin American neighbors from attack directed by our common adversaries.

MILITARY AID TO LATIN AMERICAN NATIONS HAS BROUGHT EMBARRASSING IDENTIFICATION OF THE UNITED STATES WITH OPPRESSIVE REGIMES

Shipment of U.S. weapons to certain governments in the hemisphere has created misunderstanding of U.S. purposes and objectives. The argument that the United States must deal with whatever type of government may exist in Latin America does not fall upon sympathetic ears among those who must live under despotic regimes. Colombians who endured the now defunct regime of Gen. Rojas Pinilla or Venezuelans who suffered under the dictatorship of Gen. Perez Jimenez may understandably have had some question as to whose freedom was being defended by U.S. arms shipped to these governments.

The more recent Cuban case also illustrates the difficulty encountered in bilateral military assistance to Latin America. The use by the Batista government of U.S. military equipment during the Cuban revolution stirred resentment against the United States in many areas of Latin America. True, we had an agreement with Cuba that these arms would be used only for hemisphere defense. To the extent that these arms were used to suppress the revolution, the Batista government violated this agree-

ment. But the Latin Americans against whom these arms were used do not stop to ponder these legal distinctions. They know only that U.S. arms were used in civil strife.

It is sometimes argued that U.S. military assistance does not bolster an unpopular ruler if the populace is determined to overthrow him. The wave of successful revolutions, from Argentina in 1955 to Cuba in 1959, is cited as proof. The central point, however, is not whether or not U.S. arms maintain a dictator in power. If people who see U.S. tanks and machine guns paraded around by a dictator believe that this constitutes U.S. support of that dictator, the result is the same.

The extension of military aid through bilateral agreements sometimes involves the United States in internal rivalries between military services in the recipient countries. The armies and navies in many of the Latin American countries play influential roles in politics.

If we build up, say, the Navy in the name of hemisphere defense, internal considerations of power and prestige may drive the Army to make demands, to be kept on a par with the Navy. This type of reaction can mean disaster to weak economies which can ill afford even the expenditures required for upkeep of gift armaments, let alone the additional burden of more weapons to pacify rival military groups.

Moreover, where political instability exists, bilateral military assistance is bound to involve the United States in the domestic affairs of the recipient nation. U.S. armaments shipments to the Batista government was interpreted by the rebels as U.S. support for Batista. When the armaments shipments were cut off, some observers interpreted the move as an abandonment of support for the Batista regime. It is axiomatic that one makes no friends by interfering in a family dispute. Even the appearance of interference in an area, which in many sectors is seething with unrest, creates a situation which does not redound to the prestige of the United States and which clearly could not be said to promote either hemisphere defense or our own national security.

It is one thing to criticize the effects of the military aid program as it has existed. It is quite another, however, to say there is no need for measures designed to insure the defense of the hemisphere and to exploit to the fullest the contributions that may be made by Latin American nations toward that objective.

Many have recognized the serious defects of the bilateral military assistance program to which I have referred. Some have suggested that the best way to cure these defects is simply to abolish the entire program. This would unquestionably relieve the unfortunate consequences of the program, but the central question of what to do about hemisphere security and defense would remain.

The question of means to insure defense of the Western Hemisphere is one which has long engaged the attention of our Government. Under the Monroe Doctrine and the Roosevelt corollary, the United States undertook, first by unilateral action, to keep predatory

European nations out of the hemisphere, and, then, to police the region so that extra-continental countries would find no excuses to intervene. This assumption of unilateral responsibility was deeply resented by some who felt it constituted unjustified interference in Latin American affairs. We have learned from experience that unilateral action often creates as many problems as it cures. The doctrine of nonintervention is now said to guide our inter-American policy and we seek to promote the concept of collective responsibility for the solution of inter-American problems.

In the realm of military cooperation, in 1948 the American republics adopted the Inter-American Treaty of Reciprocal Assistance. The Rio Treaty, as it is called establishes collective defense procedures in the event of extra-continental or intra-continental conflict. However, provisions of the Rio Treaty for mutual defense against foreign attack have never been implemented by such positive provisions for joint operations as has been the case with NATO.

The Inter-American Defense Board makes plans for defense on a hemisphere-wide basis, but its planning covers broad areas of joint action rather than specifying precise commitments for individual nations. The existence of the Inter-American Defense Board, however, as a creature of the Organization of American States, constitutes an established framework for military collaboration among the American Republics. If we are to achieve the maximum potential contribution for hemisphere defense, we must activate this existing framework or one similar to it.

Armaments and funds for armaments, which, if spread out among individual nations could make little contribution to the collective security, could make a much greater contribution if employed in accordance with centralized direction under international control.

It seems to me that U.S. military aid would be much more effective if used for the establishment of an international hemisphere defense force in which all Latin American nations would participate. Moreover, the extension of military aid on such a basis would avoid the unfortunate consequences and side effects of bilateral military aid.

The committee in its consideration of the pending bill clearly recognized both the problems incident to granting of bilateral military aid and the desirability of creating a hemisphere defense force. The committee directed that \$31.5 million out of a total \$96.5 million should be earmarked for use for "assistance to an international military force under the control of the Organization of American States." I am glad the committee saw fit to follow this approach, at least with respect to approximately one-third of the total funds allotted for military aid to Latin American nations. It should be pointed out that under the recommendation of the committee, bilateral military assistance will still be continued at approximately the same level authorized for fiscal 1959 and at a level in excess of that authorized for fiscal 1958. I have serious doubt that Latin American

nations will be persuaded that action to create such a hemisphere defense force is necessary so long as bilateral aid is continued at the present substantial level. The committee recommendation is a step in the right direction, however, and I hope it will be adopted and that it will lead to the creation of a truly international hemisphere defense force, which can make maximum use of the forces available for collective security in this area so vital to the free world.

Mr. HUMPHREY. Mr. President, I offer an amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add the following new section:

SEC. 605. Section 104(k) of Public Law 480, 83d Congress (68 Stat. 454), as amended, is further amended by substituting for the phrase, "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor;" the following: "Provided, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation acts;"

Mr. HUMPHREY. Mr. President, this amendment is similar to the one which was adopted by the House, but the language of the amendment is less restrictive than that of the House amendment. At the same time it spells out in more definite terms the appropriation process which would be followed by the respective Appropriations Committees. The purpose of the amendment is to clarify an interpretation of the law passed in 1958 relating to section 104(k) of the Agricultural Trade Development and Assistance Act.

The Mutual Security Act last year provided for the use of some of the accumulated foreign currencies for purposes of scientific research, translations, and the dissemination of scientific information. The Bureau of the Budget interpreted the amendment contrary to what the language of the bill would indicate. As a result, there has been a need for clarifying language.

The House adopted an amendment which made it quite clear that while the appropriation process should be followed, the funds made available in soft currencies were over and above the dollar appropriations. This is the purpose of the amendment which I offer. It will place the whole subject matter in conference, but it will also give a declaration of purpose on the part of the Senate and not leave a void insofar as our attitude is concerned.

I hope the chairman will see fit to accept the amendment, because I believe it is meritorious. I think it carries out what was the purpose of the law in 1958; and surely it carries out what is now the intent of the Bureau of the Budget as a result of its action of March 18, 1959. I would be happy to hear the comments of the chairman of the committee.

Mr. FULBRIGHT. Mr. President, the amendment, if my memory serves me

right, was not submitted to the committee. I am not entirely clear as to what it would do. I understand that a similar provision is in the House bill and that the matter will be in conference anyway. I would not want to preclude its being in conference by having the Senate adopt the amendment and thus tie our hands.

Of course, I approve of the general purpose of the amendment, which is to provide for the translation and dissemination of scientific information. What bothers me is the exact significance of the provision relating to funds being made available without being appropriated.

Mr. HUMPHREY. Oh, no; the funds have to be appropriated, but the interpretation of the act of 1958 by the Bureau of the Budget is that the soft currencies were to be taken out of dollar funds appropriated for a particular item. The intent of the law was that while the funds were to be appropriated, they were to be supplementary to the dollar funds—in other words, to be additional.

Mr. FULBRIGHT. If there is authority to appropriate the funds, the Committee on Appropriations appropriates them. It seems to me that that answers the question. If the committee appropriates the funds in addition, then they are in addition. If the committee refuses to appropriate the funds in addition, then they will not be appropriated in addition. I do not know how we can tie the hands of the committee. I confess that it is a little puzzling to me to understand exactly what the amendment accomplishes which is not in the law. Will the Senator give a specific instance?

Mr. HUMPHREY. I will give the Senator a definite, specific instance.

Before the new subsection was enacted last year, the conferees on the mutual security bill, after originally agreeing to the authorization of soft currencies for the purpose of scientific research and translations, were required to change the language and add to it a phrase insisted upon by the House Committee on Appropriations. This phrase appears in the present version of the amendment, and was finally enacted as section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended.

The phrase "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor" has caused enormous difficulty and has thus far greatly discouraged the use of these currencies for this urgent and vital requirement.

There was presented to Congress last year, after the enactment of subsection 104 (k), a request by the National Science Foundation and other agencies of the government for appropriations pursuant to this authority in the total amount of \$5,100,000 for the purchase of these currencies for scientific activities overseas.

This request, of course, was granted in full, and it was expected that soon after the first of the calendar year other agencies of the Government engaged in scientific activities—such as the Aeronautics and Space Administration, the

Department of Defense, and others—would come forward and request the Bureau of the Budget to submit much larger requests based upon programs which they had developed in the months since this new authority was enacted. But the agencies discovered that the Bureau of the Budget apparently took a different position, namely, that any appropriations of dollars to purchase these currencies would count against and equally reduce the regular dollar budgets of the agencies; thus not actually constituting a supplementary source of financing.

The purpose of the amendment is to make it quite clear that while soft currencies must go through the appropriations process and cannot be allocated merely by the Bureau of the Budget or an agency, those soft currencies which do go through the appropriations process at the request of the Bureau of the Budget shall be over and above the dollar appropriations for the said agencies.

That does not mean that it will automatically follow that the Committees on Appropriations will comply with the request of the Budget Bureau, but the present interpretation of the law is that if \$1 million in soft currencies is asked for by, let us say, the United States Public Health Service for the purpose of research and scientific advancement, the \$1 million will be taken out of the dollar appropriations for the United States Public Health Service.

My amendment would simply provide that if the Bureau of the Budget requests an appropriation of \$1 million in soft currencies, available from Public Law 480 agricultural surplus sales, the \$1 million would be over and above the dollar appropriations for the agency.

That is the purpose of the amendment. That is what the 1958 act assumed to be the fact. This was the first transaction under the act.

Then the Bureau of the Budget reversed itself and ruled that any currencies appropriated had to be deducted from the dollar appropriation for the agency. The purpose of the amendment is to clarify or to restate what was the law and to make it manifestly clear to the Bureau of the Budget, which has been in doubt as to what the interpretation should be, that the soft currencies will be supplementary to the dollar appropriations and will not be deducted from the dollar appropriations.

Mr. FULBRIGHT. Perhaps the Senator's explanation of the attitude of the Bureau of the Budget is correct. I do not question it. But the language in Public Law 480 does not necessarily require that interpretation, as I read it. However, I notice in the next section, which is (1), under (k), a proviso:

That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in the appropriation acts.

Mr. HUMPHREY. Yes.

Mr. FULBRIGHT. That is what I assume the Senator is speaking about in connection with the amendment.

Mr. HUMPHREY. Yes.

Mr. FULBRIGHT. For the life of me, since the Committee on Appropriations still has to act on both items, I still cannot see why there should be different results, because the Bureau of the Budget cannot deny an appropriation which the Committee on Appropriations, with the endorsement of Congress, of course, provides. I do not quite see how they did it. However, if the interpretation in (1) is what the Senator is seeking for (k), I myself do not see very much objection to it. The matter is still wholly within the control of the Committee on Appropriations. If the committee refuses to appropriate the money, the agency does not get the money. Is that correct?

Mr. HUMPHREY. That is correct. But the other part of the problem is that if the appropriation is made, the question arises, Shall it be deducted from "k"?

Mr. FULBRIGHT. I do not see how the Bureau of the Budget can raise that point if the Committee on Appropriations grants the funds. How can they override what is appropriated under the law?

Mr. HUMPHREY. The Bureau of the Budget, in making its request—

Mr. FULBRIGHT. But the request may be different. We cannot control the request, if they wish to be arbitrary.

Mr. HUMPHREY. What I seek to do in subsection 104(k) is what is done in subsection 104(l). That is what we thought we were doing in the act of 1958.

I suggest that the amendment be taken to conference and have the advice and counsel of the Bureau of the Budget on that occasion. If there is any reason then why the amendment is not applicable to what we believe to be its objectives, it can be changed.

Mr. FULBRIGHT. I would want to be sure that it can be changed. Is the amendment of the Senator from Minnesota different from the House language?

Mr. HUMPHREY. It is different from the House language.

Mr. FULBRIGHT. If we still have the right to consider the proposal in conference, I do not see any particular reason for not taking it to conference and examining the question. I think the meaning of subsection (l) is certainly very clear. I do not see why subsection (k) should not be interpreted in a similar manner.

Mr. HUMPHREY. That is my purpose. Although my amendment is different from the language voted by the House, the matter could be discussed in conference, and an equitable solution could be arrived at.

Mr. President, I yield back the remainder of the time available to me.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of the time available to me.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. HUMPHREY. Mr. President, I have a second amendment or amendments; they are designated "7-1-59-K." I now call them up.

The PRESIDING OFFICER. Does the Senator from Minnesota desire to have his amendments to the committee amendment read, or does he prefer to have them printed at this point in the RECORD, without being read at this time?

Mr. HUMPHREY. Mr. President, to conserve time, I ask that my amendments be printed at this point in the RECORD, without being read at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments submitted by Mr. HUMPHREY to the committee amendment are as follows:

On page 29, line 5, after "SEC. 501.", insert "(a)".

On page 29, after line 18, insert the following:

"(b) In order to carry out the purposes of subsection (a) of this section and in order to plan logically for an orderly expansion of United States support to international health activities, the President is authorized to undertake, in cooperation directly with other governments, or indirectly through utilizing the resources and services of the United Nations and the Organization of American States or any of their specialized agencies, programs and projects of research, studies, field surveys, trials, and demonstrations to determine the feasibility of future intensive programs for reduction, control, or eradication of disease problems of international importance. The President is hereby authorized to use funds made available under the Mutual Security Act of 1954, as amended (other than chapter I and title II of chapter II), to carry out the purposes of this section; and there is hereby authorized to be appropriated to the President, in addition to such funds, not to exceed \$2,000,000, for the fiscal year 1960."

Mr. HUMPHREY. Mr. President, the purpose of these amendments is to authorize the President to undertake directly with other governments or through the Organization of American States or any of their specialized agencies or other agencies certain surveys, field studies, trials, programs, projects of research, and demonstrations to determine the feasibility of future intensive programs for reduction, control, or eradication of disease problems of international importance.

These amendments call for a follow-up on the action taken about a year ago when the President made an allocation of approximately \$300,000 to the World Health Organization for advance research in certain areas of disease which merited international cooperation and international activity.

The pending amendments to the committee amendment call for an additional \$2 million for the fiscal year 1960 for research on an international basis and field surveys, studies, trials, and demonstration projects which may be of international interest, within the discretion of the President.

Obviously this means that the President will work with the Surgeon General of the United States and with those in command, with responsibility and authority in connection with our medical projects.

The point I should like to emphasize in particular is that there are a number of diseases of a tropical nature and of regional character which presently are not receiving the adequate attention re-

quired by means of what we call field surveys. Laboratory treatment is given, but not field survey and study projects.

These amendments to the committee amendment are not the product of my imagination, let me say. They are the product of a number of proposals which have come to me from ministers of health of other countries, presidents of medical associations, and Nobel Prize winning scientists in more than four score nations throughout the world. The International Health Study Subcommittee has received hundreds of letters relating to these problems of international medical importance; and in all of them suggestions as to this type of approach have been made.

These amendments would not provide a mandate to the President; they would not require the proposed expenditures. They provide for the authorization of an appropriation of not to exceed \$2 million for the fiscal year 1960, if the President believes it necessary or if he finds it advisable to use such amount.

I am interested in knowing the reaction of the chairman of the committee to the amendment.

Mr. HOLLAND. Mr. President, will the Senator from Minnesota yield for a question?

Mr. HUMPHREY. I yield.

Mr. HOLLAND. What bearing does the Senator's amendments have on the pending bill?

Mr. HUMPHREY. They have a great deal of bearing on it. For example, the President's special fund relates particularly to this matter. The activities of the ICA in medical research are very widespread. I believe a total of \$85 million is provided in the committee amendment for medical programs—not necessarily of a research nature, but some of them of a service nature.

As I recall, \$1 million of the total budget of \$85 million is provided for medical research. As I have indicated, these amendments would authorize the appropriation to the President, in addition, of not to exceed \$2 million for a particular type of activity—not only in the field of research, but, as I have stated, also for field surveys, studies, trials, and demonstrations. The preliminary planning which would be required would relate to patterns of disease which to date have not received international attention.

Let me add that every responsible health official of our Government and of the World Health Organization has urged this kind of activity.

I believe these amendments propose a sound foreign policy and a good, constructive national policy, and will yield tremendous results in terms of economic benefits, as well as social benefits.

Mr. FULBRIGHT. Mr. President, of course all of us are opposed to disease. So it is very difficult to say that one is opposed to a proposal of this kind.

In the past I have raised with the Senator from Minnesota the question of whether this measure is an appropriate one in which to provide for the pursuing of activity of the kind called for by the amendments of the Senator from Minnesota.

It is true that the committee amendment already provides authorizations of approximately \$85 million in the general field of health—a part of it for the eradication of malaria and for other purposes.

The pending amendments to the committee amendment are of the class which, as I have stated, is hard to oppose. But I do question the appropriateness of these amendments to the committee amendment.

The committee amendment originally was intended to increase economic security and military security; and it was not a relief measure. Each time the Senate adds to the committee amendment a provision for some additional burden, the Senate makes the committee amendment more difficult to administer and, for that matter, more difficult finally to enact into law.

We know that the committee amendment already has encountered extreme difficulty—as has been demonstrated today—in receiving the support of the Congress.

I am very much puzzled to know what to do about the Senator's amendments to the committee amendment. On the one hand, I approve of their purpose generally. On the other hand, I disapprove of adding such amendments to the committee amendment.

Does the Senator from Minnesota think his amendments would be more appropriate when offered to some other measure?

Mr. HUMPHREY. Regrettably, the only measure to which I believe proposals of this kind can be offered is the mutual security bill. These amendments cannot be offered to the U.S. public health measure.

Mr. FULBRIGHT. Why not?

Mr. HUMPHREY. Because, first of all, that appropriation bill has already been acted on by us; it is no longer before us. In the second place, the international aspects of a health program fall generally within the jurisdiction of the Foreign Relations Committee.

These amendments to the committee amendment do not relate merely to going research projects; they also apply, very much the same as did the President's proposal of a year ago, to the World Health Organization. That proposal was limited entirely to the World Health Organization, not to the Organization of Pan American States or to bilateral arrangements.

Mr. FULBRIGHT. As I read the Senator's amendments, the assignment could be given to the World Health Organization.

Mr. HUMPHREY. Or to the Pan American organization.

Mr. FULBRIGHT. Yes, or bilaterally—either way.

Mr. HUMPHREY. Yes. In other words, my amendments call for a broader approach to research studies than that now provided for in the committee amendment.

Mr. FULBRIGHT. The Senator from Minnesota knows that we have argued about this matter before. I think that sometimes because it is easier and more popular, we have done a great deal more to improve the physical health of the

peoples over the world than we have done to increase their capacity to feed and support themselves, and thus we have created some grave imbalances between the economic welfare of the people in some of these countries and the number of people there. I must say that I become concerned about that situation.

One of the reasons for that difficulty is that usually everyone favors health matters, whereas there may be some opposition to some of the proposals which relate to economic improvements.

I hesitate to take the responsibility of making further changes in the degree of emphasis of the pending measure on health.

The Senator's amendments are of the sort that is very easy to favor and very difficult to oppose, I admit.

Mr. HUMPHREY. Mr. President, my amendments would not change the policy.

Mr. FULBRIGHT. But they would change the emphasis.

Mr. HUMPHREY. Yes, there would be a degree of change in the emphasis of the committee amendment.

Mr. President, I previously stated to the chairman of the committee that I do not wish to precipitate a controversy over a matter which all of us agree is worthy.

I should like to have some of the field trials and field studies undertaken, particularly in drug therapy, which are required on a mass basis.

Mr. FULBRIGHT. Furthermore, I should like to point out that this type of activity has been of very special interest to some of the private organizations.

Mr. HUMPHREY. Yes.

Mr. FULBRIGHT. Many of them hesitate to engage in the more controversial aspects of international activities; they are afraid they will become involved in political matters.

However, as is well known, the Rockefeller Foundation and other foundations have done a great deal in this field.

I wonder if that is not a good reason for leaving it out of this bill, because it is specially suitable for private activities, whereas they do not like to get into some other activities which are also thought to be important, such as communications, roads, docks, and so forth. I wonder if that is not another reason why it should not be put in the bill.

Mr. HUMPHREY. My response is that this proposal is supplemental to those activities. In areas where investigations and studies have been made by these international activities, we find our own governmental efforts are companion or supplemental to activities of these private agencies. They do not supplant or take over; they augment and supplement.

I think it will be found most of the private agencies are in full accord with this type of approach. If this were an approach in which vast sums, millions of dollars, were sought to be appropriated, then I would say the proposal would necessitate a much more careful examination. However, what we are seeking in this particular effort is an authorization,

up to a certain set figure, and I have asked for \$2 million, to engage in a variety of approaches in the field of combatting disease.

The President, through his officers, will have full discretion as to what approach should be used, what diseases, for example, shall be studied, where the studies shall be made, and what agencies shall be utilized. If there is reason to believe this effort would be contradictory to established policies or would in any way interfere with private research efforts, I am sure the responsible, competent medical agents of our Government would not undertake such work.

Mr. FULBRIGHT. In other words, it is permissive authority?

Mr. HUMPHREY. It is permissive authority.

Mr. FULBRIGHT. If they do not care to exercise the authority or request an appropriation, it will not result in any action?

Mr. HUMPHREY. That is correct.

Mr. FULBRIGHT. I suppose it would be safe, on that understanding, to take the amendment to conference.

Mr. HUMPHREY. I thank the chairman.

The PRESIDING OFFICER. Does the Senator yield back the time remaining to him?

Mr. FULBRIGHT. I yield back my time.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. COOPER. I noticed that on July 2 the Senator from Minnesota offered an amendment to the Mutual Security Act, and the amendment was agreed to. The amendment appears on page 11474 of the RECORD of that date.

As I interpret the amendment and the remarks of the Senator at the time, it was designed to assure that residents of the United States who are needy would share in surplus food on equal terms with people of other countries.

Mr. HUMPHREY. That is correct.

Mr. COOPER. The Senator may remember that in January I introduced a bill to that effect, which was referred to the Committee on Agriculture and Forestry.

Mr. HUMPHREY. Yes. I referred to that fact.

Mr. COOPER. I remember very well I talked before the committee, and it was agreed that remedial action should be taken. As I said then, I was rather amazed last fall when I was in my own State and learned of the need for food there, particularly in the eastern section of the State, and returned to Washington and inquired about the surplus food being available. I found it was being interpreted in the Department of Agriculture that residents of other countries had a preference even over the people of our own country in the use of surplus food. It was for that reason that I introduced my bill, along with the Senator from Illinois [Mr. DOUGLAS], the Senator from North Dakota [Mr. LANGER], the Senator from Missouri [Mr. HENNING], the Senator from New York [Mr. KEATING], the Senator from Pennsylvania [Mr. CLARK], the Senator from

Connecticut [Mr. BUSH], the Senator from Kentucky [Mr. MORTON], and the Senator from Pennsylvania [Mr. SCOTT].

I am very happy that the Senator secured acceptance of the amendment. I believe he interprets it as I do, and that it will insure the end we are both seeking.

Mr. HUMPHREY. May I say most respectfully to my good friend from Kentucky that, as appears on page 11474 of the RECORD of July 2, I said, and there was only a brief statement made about it:

The amendment is necessary because of a technical defect in existing law. It was brought to our attention, as I indicated on another day, by the distinguished Senator from Kentucky [Mr. COOPER].

Prior to that, in debate I had mentioned the leadership of the Senator from Kentucky in this activity and the ironical situation in which we found ourselves of having limitations upon assistance to our own needy people to a point where priority was being given to people abroad. The purpose of the amendment is to give our own needy people at least the same kind of treatment or priority treatment as the treatment given people abroad.

Mr. COOPER. I thank the Senator, I am very happy he took this action. I wanted to have this colloquy with him because I understand there is still opposition in the Department of Agriculture to this action. I thought it well to have the matter interpreted on the floor of the Senate while the bill is still before us. I know that the Senator from West Virginia [Mr. BYRD], who is now present, is also very much interested in this proposed legislation.

Mr. HUMPHREY. For the purposes of reference, I may add that this matter was discussed in the Committee on Foreign Relations, as it was in the Committee on Agriculture and Forestry. The Senator may recall that the Johnson subcommittee of the Committee on Agriculture and Forestry heard testimony on the disposal of surplus foods to needy people, and it was the general consensus that something should be done about the matter. Since it related to the overseas use of food, I took the matter, as a member of the Agriculture and Forestry Subcommittee, to the Committee on Foreign Relations. In the Committee on Foreign Relations there was some doubt as to the interpretation of existing law.

It was suggested by one or more members of the Foreign Relations Committee that the matter be studied and that an appropriate amendment be offered on the floor of the Senate. It was on that basis that the amendment was offered. We are all indebted to the Senator from Kentucky.

I want the RECORD manifestly clear, as I have said on other occasions, that it was the Senator from Kentucky [Mr. COOPER] who pointed out the weakness in the existing law, and the ironical situation which confronted us, and asked for remedial action. I was his agent in the Committee on Foreign Relations, and am happy to have been of some help on the floor of the Senate.

Mr. President, I ask unanimous consent that a supplementary statement on

the reasons justifying the amendments be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

DETAILED REASONS JUSTIFYING \$2 MILLION RESEARCH AMENDMENT

The following are the reasons which justify Senate approval of this amendment:

1. It will represent the only specific action by the Senate in advancing the goal of human health over and above action taken in approving the executive branch's version of this bill. I should like to say that the health program recommended by the executive branch is good as far as it goes, only it does not go far enough. It does not begin to make a sizable dent in the enormous backlog of unsolved diseases confronting the world.

2. What does the executive branch budget actually provide, so far as research is concerned? It provides \$1 million in research.

THE TRAGIC TOLL OF DISEASES

Yet, diseases throughout the world are costing literally tens of billions of dollars in direct economic losses.

Two million dollars for research, tens of billions in losses. That unfortunate ratio proves the need for action.

RESEARCH HAS TRANSFORMED AMERICAN HEALTH

Obviously, we are being penny wise and pound foolish.

The fact of the matter is, if it had not been for research, thousands of American children would still be dying of diphtheria, smallpox, tuberculosis, and other diseases which have long since been virtually eliminated in our Nation. If it weren't for research communicable diseases would still be ravaging this land and Western European countries.

It is research which provides new knowledge. It is research which finds new ways and means of efficiently and economically conquering a disease which would otherwise remain a mystery and plague man for centuries.

It seems to me that the Congress could declare, by adopting this amendment, that it does not propose to see the world live with these diseases indefinitely.

To live with a disease, to tolerate it, may cost the world (in the case of a disease like tuberculosis), literally hundreds of millions of dollars a year. Yet for perhaps \$1 million in research, field trials, and demonstrations, we may be able to provide a cheap pill, e.g., isoniazid, which can be taken en masse against such disease.

DISCRETION LEFT WITH PRESIDENT

3. This amendment does not attempt to single out any specific disease. It does not mention either the type of infectious disease faced by the emerging regions of the world, nor the chronic and degenerative type faced by the Western countries.

It leaves the issue as to the selection of diseases to the President. He, in turn, will delegate the problem to health authorities in our own Government on a bilateral basis through the International Cooperation Administration and on a multilateral basis through WHO and PAHO.

SENATE SUBCOMMITTEE HAS RECEIVED PLEAS FOR RESEARCH

4. This amendment was not conceived in a vacuum; it was born out of the findings from hundreds of letters which have come to the International Health Study of which I am chairman.

In these letters, the foremost single plea has been for research.

From whom did the letters come? From the leading health authorities of the world; from ministers of health; presidents of medical academies; presidents of medical associa-

tions; and Nobel Award-winning scientists in more than four score nations throughout the world.

SEVEN PAGES OF DISEASE PRIORITIES

If anyone wants to know just how severe the research challenge is, I refer him to Committee Print No. 4, published by the Subcommittee on Reorganization and International Organizations, Committee on Government Operations, as part of the International Health Study. (Report is attached at back of book.) On pages 27 to 34 literally scores of diseases are listed continent by continent, in which research is regarded as the highest priority need by WHO authorities whom I consulted.

I repeat, I am not talking about assistance programs—nursing, or maternal aid centers or the like—as important as they are.

Rather, I am talking about mobilizing the genius of scientific research.

START NOW FOR LONG RANGE NEED

5. Let me point out that we are dealing here with both an immediate and a long range need. If you do not authorize field trials in, let us say, 1960, you cannot come up with drug therapy which will be capable of mass application in, say, 1962 or 1963. To lose years now means that we are just that many years behind.

Ultimately I believe, the Congress will indeed turn to this recourse. Why? Because if we do not do so, it will cost us tens of millions of dollars directly, and hundreds of millions of dollars indirectly, unless we find the answers to these mystery diseases once and for all.

DISEASES HIT U.S. TROOPS ABROAD

6. It has often been said, "You cannot cure cancer with a band aid."

You cannot solve a disease like dreaded spring-summer encephalitis with a band aid either.

You must put solid research into it—research which may extend over years and years and over thousands or even hundreds of thousands of miles. You must for example, examine birds in their migration, to see whether the birds are carrying certain types of viruses from one country to another, e.g. from European Russia or from Soviet Siberia or mainland China, down to the rain forests of India.

My colleagues might bear in mind the headlines which they may read this year, or next year, concerning the outbreak of occasional epidemics among our own troops stationed in over 40 countries abroad.

As an example, I cite the epidemic of encephalitis which struck our American troops in the Far East.

So, I say, it is far more inexpensive to unlock the riddles of these diseases than it is to live with them indefinitely and so needlessly.

HOUSING ACT OF 1959—VETO MESSAGE

Mr. HUMPHREY. Mr. President, I was not present today in the Senate when the discussion of the President's veto on the housing bill took place. I was chairman of a subcommittee considering what we call the food-for-peace act of 1959. That activity kept me busy a good deal of the day. I could not be in two places at once.

I want the RECORD of today to show I was dismayed and discouraged to read today and to hear of the President's veto message of the housing and urban renewal bill. I spoke in behalf of the bill. I recognized it was a modest version of what should have been a much better bill. The measure was, by any reasonable standard, a modest measure de-

signed to meet at least the more pressing problems which face the Nation in the area of housing and urban renewal. As I said, we passed a modest measure. It was whittled down to prevent, if possible, a threatened Presidential veto.

I, for one, was very displeased with the limitation placed upon urban renewal in the measure the Senate finally passed. The original bill we had under consideration in the Senate in January or February was a much stronger bill than the one passed as a conference report. I went along with the conference report simply because I felt there was an urgent need for housing legislation covering FHA, housing for the elderly, college classroom space, college dormitory space, urban renewal, public housing, and all the many features of housing. While I recognized we were getting less than half a loaf, at least I knew the housing program would be continued and that certain features, such as the housing for the elderly and the college facilities and public housing, were of sufficient quantity in the bill covered by the conference report to merit support.

I then predicted, however, we could most likely expect a Presidential veto even of such a moderate and modest measure.

It is strange indeed that a veto should have been forthcoming when in fact the structure of the bill we passed originally was literally "whittled down" in half in order to accommodate the wishes of the President in terms of budgetary requirements to the needs of housing legislation. It only confirms that this is an administration with a bookkeeper's mentality which is more interested in dollar signs and ledger books than in the real problems, needs and desires of the American people.

As I said, Mr. President, we passed a moderate measure. It was whittled down deliberately to prevent, if at all possible, the threatened Presidential veto. But still the President says "No."

He tells us that we are extravagant and that much of this spending is excessive and unnecessary. Let us examine this charge.

The housing bill which we passed authorized urban renewal grants of \$500 million for fiscal 1960 and \$400 million for fiscal 1961.

Having had the privilege of serving as the mayor of a great American city, I can speak from firsthand experience on the subject of urban renewal. I know what it means, and I know this is money well spent, money that is returned with interest in the form of rejuvenating blighted slum areas and deteriorating business districts.

If our urban centers are not to further decay it is imperative that we have a urban renewal program of a size and scale in keeping with the scope of the problem we face.

I know of no person who has made a real study of urban renewal who feels that the amount in our housing bill allocated for urban renewal is excessive as the President claims—it was, indeed, too little.

It should be noted that both the U.S. conference of mayors and the American Municipal Association recom-

mended a 10-year urban renewal program at an annual rate of \$600 million a year. It is this program that we need and I support.

Again I say, Mr. President, in order to get something underway, at least on a 2-year basis, I supported, reluctantly but responsibly as a legislator, a moderate, modest approach. In this instance we see a veto cutting down even this modest approach.

The President also strikes out at public housing. He thinks that the Congress has gone too far in its provisions of housing for the low-income families of America who are forced to live in filthy, unsafe, and crowded slums. Just what did we provide? We provided for 45,000 public housing units. This averages out to less than 1,000 units per State.

Does the President really believe this is excessive? Does he really believe that the poor have adequate housing or that the private housing market is able to provide decent shelter for them at reasonable rates? I respectfully suggest that the President take off some afternoon and that he visit some of the slum dwellings in this city of Washington. He will not have to go very far. Such dwellings are within a short walking distance of the White House.

And the slums of Washington which he will see are not an isolated example. The same unhappy living conditions can be found in many of our great cities throughout the land.

I am sure that the slum dwellers will be shocked to learn that the President thinks 45,000 public housing units is excessive and inflationary. It will be of little comfort for the people of the slums to know that the value of the dollar remains sound and that we have fiscal responsibility as claimed by the President.

Another fine program which has been wiped out by the President's veto is housing for the elderly. Here, I might say, is one of the really pressing problems of our time and one which is going to grow in the years ahead as the number of our elderly citizens increases.

In our modified housing bill we provided a program of Federal loans—loans I remind Senators, not grants—to private nonprofit corporations providing rental housing to the elderly.

The President says, "No, we don't need any such program. The old folks will be able to get along."

Housing for the elderly at a price which they can afford is scarce. Is it asking too much to provide Government loans, which will be repaid with interest, to encourage housing for the elderly? I say it is not. I say that a nation as affluent as the United States has a moral obligation to provide decent housing for its elderly citizens so that they may live in reasonable comfort and with a sense of security and dignity.

The President in vetoing this housing measure once again raises the cry of inflation. This seems to be the magic word, the word to end all arguments once and for all. I, for one, Mr. President, do not intend to be intimidated by this false cry, and it is a false cry.

The plain fact is that America, the wealthiest nation in the world's history,

is well able to afford a housing program such as the one which was passed by the Congress.

Let us not be deterred from providing decent housing for our poor and for our elderly citizens, and from getting on with the job of restoring our decaying urban centers, with the argument that we cannot afford it.

Let me cite a few figures. This past year the American people spent over \$4 billion in retail liquor stores. They spent over \$6 billion on tobacco products. A total, Mr. President, of more than \$10 billion in 1 year alone.

I suggest that it is not excessive for a nation which is so well off that its people can afford to spend \$15 billion a year for such items, to authorize \$1.375 billion in a 2-year program, such as we have proposed in our modest housing bill.

The Nation will suffer as a result of the President's ill-advised action today. The Congress made a sincere effort to cooperate with the President. We went more than half way. But our conciliatory efforts have been rebuffed. More important, the people of America have suffered a defeat—the denial of housing and urban redevelopment.

It is but further evidence that this administration is unaware of the problems we face in the mid-20th century.

The PRESIDING OFFICER. The time of the Senator on his amendment has expired.

Mr. HUMPHREY. Mr. President, I have completed my statement.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendments to the committee amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

The amendments to the amendment were agreed to.

Mr. BYRD of West Virginia. Mr. President—

The PRESIDING OFFICER. Does some Senator care to yield time to the Senator from West Virginia?

Mr. MANSFIELD. Mr. President, I yield 5 minutes to the Senator from West Virginia.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that I may be permitted to speak an additional 10 minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

LOWER THE SOCIAL SECURITY RETIREMENT AGE

Mr. BYRD of West Virginia. Mr. President, I am urging support of S. 1186, a bill which I have introduced, along with my colleague the Senator from West Virginia [Mr. RANDOLPH], to reduce the social security retirement age to 60 for both men and women.

We in the United States are gradually becoming aware of the fact that changes in our society demand positive action in behalf of older persons. It was this awareness that led to passage of the Social Security Act nearly a quarter of a century ago. But since then, progress in our social security legislation, while significant, has not been sufficient. My bill, S. 1186, would do much, I believe, to improve the nature of this vital program.

It was in the heart of the depression that Franklin D. Roosevelt spoke of "one-third of a nation ill fed, ill clothed, ill housed." The fraction today is not so shocking, but it is still high. Too many Americans are living in the shadow of poverty. Too many of them are our older people, who deserve a better fate.

Fortunately, we do not share the philosophy of the Vikings of old, whose elderly members were destined to end their lives, usually in the sea, when their years of so-called usefulness were over. But I fear there is still a touch of barbarism in our attitude toward older persons, when we abandon them to struggle alone for survival, while we hide our eyes, ostrichlike, when we encounter the problems of aging.

At present, there are a great many people in this country who are living in a kind of no man's land. They are the men and women who have reached age 60, who are unemployed, but who must wait several more years before qualifying for social security benefits. Their situation is a serious one, and one which I believe can only be solved by the legislation I am proposing.

Most of these people share the belief that there is honor in labor, and would prefer to continue as wage earners if they could. But it is clear that they need their social security benefits before the present age of eligibility for a number of reasons.

The fact is that many workers are being forced into retirement, usually against their will, long before they reach age 65. I use the words "forced into retirement" in all good faith, because this is generally what has happened. Statistics will bear me out on this. The Social Security Administration made a survey some years ago which resulted in this important finding: only about 5 percent of the beneficiaries retired voluntarily while in good health to enjoy their leisure. The rest lost or quit their jobs for reasons largely beyond their control. More than half the retired workers receiving old-age insurance benefits quit their jobs, but the overwhelming majority of these did so because of poor health. Persons who quit for health reasons, added to those who were forced to retire because they lost their jobs, brought to more than four-fifths the proportion of beneficiaries who had been forced to retire.

A great many people are being forced out of the labor market because of a progressive and inevitable, but nonetheless disrupting, development in our economy—the onset of automation. There are still a good many people who insist that automation is nothing new,

but merely a continuation of what has been happening since the beginning of the industrial revolution. A stream and a river are both moving water. A breeze and a hurricane are both moving air. But in these cases volume and intensity account for mighty differences. And I think it is clear that the rapid advances of automation are having unforeseen and unlimited effects upon our society.

Many of the effects of automation are desirable, and I for one do not wish to speak against the progress that can and will result. Man can be infinitely more productive with considerably less expenditure of energy, and the monotony and drudgery of many kinds of work can be eliminated. There will be freedom for greater creativity. We have an example of this in a group of Indians on the northwest coast of British Columbia who got all the basic food they needed for a year in 2 days' fishing. In aboriginal times, this was the group in that part of the world who had the highest artistic development and the most elaborate, complicated, and intricate social relationships. Spending so brief a time on getting their food did not handicap them; it left them free to develop their artistry and enrich their lives.

But this is not what has happened to the coal miners in West Virginia. This is not what has happened to the industrial workers of Detroit, nor to many in Kentucky. These men and women, and many more like them, have discovered that automation, at least in part, is responsible for the loss of their jobs. Automation has hit older people especially. When a machine replaces them in their job, they are less able to pick up and move to another city or State in search of another job. It is often too late for them to learn new skills and adjust to a new type of work. Employers, suddenly finding themselves with surplus manpower, choose to retire their older workers, often without consideration of any factors other than age. Unhappily, few seem to practice the wise teachings of Emerson, who said: "We do not count a man's years, until he has nothing else to count."

For all these reasons, automation poses a problem for us in terms of how we can help the older worker. Ideally, we could improve employment possibilities so that the worker displaced by automation could find other employment. But this pat answer holds little meaning for the many men and women who have already reached age 60. What chance have they in today's labor market?

The coal mining industry is not untypical of what is happening throughout the country. According to one recent study, there has been a 46 percent increase in efficiency of output during the last 10 years, due to modern methods and laborsaving equipment. Employees in 1958 in the bituminous coal mines numbered 195,000, but for the same output now as in 1948 there would have been needed 95,000 more workers than are employed today.

In the oil refining industry a loss of 71,800 jobs has been noted over the last 10 years.

The same survey reveals that since the close of World War II, the output per worker has increased 19 percent in steel because the industry, "pressed by high labor costs, has rushed new equipment and techniques to hold payrolls down." The result is that in 1958 the steel business employed only 536,000 workers. It has been estimated that if output per man had been the same as in the prewar years 1947 to 1949, steel companies would have needed 637,000 workers.

Here is another example of the effects of automation on employment: Two men in a radio plant are assembling 1,000 radios a day with automation. This same job once took 200 workers.

Along these same lines, George Meany has said that industry is now producing more goods with a million fewer workers than in 1942. Although U.S. production has been steadily recovering from the recession, thousands of recession-idled workers have been unable to get their jobs back. Most of the missing jobs seem to be accounted for by gains in productivity. Automation has meant more production with fewer employees.

Automation, then, is undoubtedly a major factor in the difficulty of the older worker to find work, or to retain his place in the labor force. But just as basic is the job discrimination practiced against older workers in their quest for work. This is a problem which affects persons much younger than 60, but which hits this age group especially hard.

A number of surveys have made the plight of the older worker quite apparent. A post World War II study of 38 firms employing 62,828 workers in Rochester, N.Y., indicated that 29.5 percent of the companies imposed a maximum age limit above which new employees are not ordinarily hired. A nationwide joint survey of 277 concerns by the National Association of Manufacturers and the U.S. Chamber of Commerce indicated that 26 percent of the firms did not follow a practice of hiring older workers.

This is not a new phenomenon, however. A 1930 study of firms in New York State concluded that "in approximately one-quarter of the moderate-sized and large companies, including 40 percent of the jobs in the State, the older person would encounter an insurmountable hiring bar. His chances of being accepted would be practically zero."

These figures do not tell the whole story. The data in job orders filed with public employment service agencies are perhaps more realistic. A study made some years ago showed that in New York State, of 3,500 job openings, 25 percent had an age limitation. In Columbus, Ohio, of 3,925 openings, 81 percent had age restrictions for women, 75 percent for men. In Lancaster, Pa., of 511 openings, 60 percent had age restrictions. In Birmingham, Ala., the figure was a shocking 90 percent, and in Dallas, Tex., 50 percent.

Formal studies are not even necessary to illustrate the prevalence of this kind

of discrimination. A quick look at the help wanted advertisements in the newspapers is sufficient. A recent analysis of 3,474 job opportunities for males advertised in the New York Times showed that 38.2 percent included an age limitation. There is little question in my mind that the same would prove true in most other newspapers.

Furthermore, I am inclined to believe that the situation is really worse than can be seen from any one, or any combination of these figures. This, to me, seems obvious, because few people, or companies, will freely admit to any kind of discrimination. Discriminatory decisions in questions of hiring are rarely discussed. And other excuses for not hiring an older person would not be hard for a personnel worker to find.

I believe that the older worker has a legitimate complaint against society when he is thus told on one hand that he is not yet old enough to retire, and on the other, that he is too old to do any work. If a person is forced to retire because of age then I can see no reason for denying him a retirement pension.

It should be clear, after all, that the selection of age 65 for retirement purposes is arbitrary, and does not correspond with reality in many cases. Congress seemed to recognize this fact when it agreed to lower the age requirement for certain women beneficiaries to 62. But I regard this as only a beginning in rectifying the inequities of the existing social security age requirements. Lowering the retirement age for both men and women to 60 is equally as pressing a need.

I believe it is harmful to ask older people to work longer than is good for them. Most people between the ages of 60 and 65 should be slowing down, if not fully retired. They continue to work because they must wait to collect their social security checks. How many people do you know who have labored faithfully up to that magical day of retirement, their 65th birthdays, only to find that those last years of overexertion have sapped their health and vitality to a point where constructive activity of any kind is no longer possible?

There are many people, of course, who are simply unable to work in their older age, regardless of ambition or desire. Advancing years do not take their toll with any uniformity. We would all like to imagine ourselves as strong and vigorous when we reach our eighties or nineties, as is Winston Churchill, Konrad Adenauer, or our own senior Senator from Rhode Island [Mr. GREEN]. But most of us have to face the brutal truth that more than likely infirmity will begin to overtake us, and may indeed overwhelm us, long before such years are attained. I do not believe we can justify asking people to continue to work, or expecting them to, when they are no longer physically able to maintain the pace that our modern, progressive, but devastatingly hectic, society demands of us.

It is fine and noble to urge our older citizens to try to maintain themselves in useful activity as long as possible. Few able-bodied persons care to live through years of stagnation and idleness. But despite all our wonderful ad-

vances in medicine, no one has yet found a formula for halting the aging process. And inevitably the time comes when strength must be guarded jealously, and tasks once performed easily and gracefully must be abandoned to persons of lesser years. I think particularly of the millions of workers employed in our factories and mines, who must earn their living through hard, physical labor. Can we expect them to continue their strenuous tasks at the blast furnaces, or in the depths of the mines? Most of us of younger years could not stand up to the physical demands made of these people. And few beyond age 60 retain the ability to meet them.

It seems to me that in considering the question of when social security retirement benefits should begin, we might also examine the need of retired workers for some measure of self-respect. Most people are unable to accumulate sufficient savings to maintain themselves without help. Thus, we are requiring those who have to retire before 65 to rely upon public assistance, gifts from friends and relatives, or private charity. I believe this is fundamentally wrong. It is wasteful, it is demoralizing, and it is unfair.

There are few people who can exist at all happily in this world without being the object of some kind of recognition. Having a job, being able to take care of oneself, generally supplies all the recognition that is necessary during the working years. When a man or woman is deprived of his job, and must also turn to some outside source for what he can regard only as "charity," he is stripped of all his dignity and self-respect. The humiliation of these circumstances is enough to literally crush any person. Life can seem bleak and meaningless at this time.

I regret to see this happen to some of America's most valuable and valued workers.

To a man who is able, industrious and independent in nature, it is a devastating blow to find that personal needs can no longer be cared for. It is a serious shock to one's ego.

These persons do not want what they regard as "charity." If circumstances force them out of gainful employment, they would at least like to feel that they are still respected members of their communities.

The answer to this, I believe, is to allow them to retire and begin drawing their social security benefits at age 60, which seems to me far more realistic than the present age requirement, and which would bring a deserved dignity to persons of advancing years.

It is time we realize that the problems of the aging in our population are not decreasing, despite the miraculous medical gains of recent years. Triumph over contagious diseases and a general improvement in our country's health have not automatically meant that our older citizen's problems can now be solved in the doctor's office. The number of older people in the population is gaining rapidly, both in actual numbers and in proportion to the rest of the population. This means that the number of people who have the financial problems that

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of July 8, 1959
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HIGHLIGHTS: Senate passed mutual security authorization bill. Senate committee reported public works appropriation bill.

HOUSE

1. BUILDINGS. Passed as reported H. R. 7645, to grant GSA additional authority for the construction, alteration, and acquisition of Federal buildings. pp. 11826-38
2. D. C. APPROPRIATION BILL FOR 1960. Received the conference report on this bill, H..R. 5676 (H. Rept. 639). pp. 11838-40, 11859
3. WATERSHEDS. The Agriculture Committee approved work plans on the French Creek and Marshland watersheds in Washington State. Rep. Westland stated that the area in which these projects are located has been declared disaster area by the Secretary of Agriculture, who "has authorized \$75,000 in Agricultural Conservation Program Agency funds" to aid the area, and that these funds would not have been needed had these two projects been constructed earlier. p. 11823

4. MINERALS. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendment H. R. 6940, to amend the Mineral Leasing Act of 1920 in order to increase certain acreage limitations with respect to Alaska. p. D583
5. FOREIGN AFFAIRS. A subcommittee of the Banking and Currency Committee voted to report to the full committee with amendment H.R. 7072, to provide for the participation of the U. S. in the Inter-American Development Bank. p. D582
6. BANKING. A subcommittee of the Banking and Currency Committee voted to report to the full committee H. R. 6092, to amend the lending and borrowing limitations applicable to national banks, and to authorize the appointment of two additional Deputy Comptrollers of the Currency. p. D582
7. GOVERNMENT BONDS. The "Daily Digest" states that the Ways and Means Committee has completed consideration of a bill, which the chairman will introduce, to authorize the Treasury to offer certain long-term Government bonds at interest rates above the existing ceiling. p. D583
8. RECLAMATION. Received from Interior a report on the Wichita project, Cheney division, Kansas, pursuant to the Reclamation Project Act of 1939. p. 11859
9. INFLATION. Rep. Schwengel stated that postwar inflation has meant a "cost-price squeeze" to the farmer and that farm income "has declined" while prices which the farmer pays "have advanced sharply," and urged the institution of "a positive program against inflation." pp. 11850-2
10. LEGISLATIVE PROGRAM. Rep. Albert announced that after today's session (Thurs.) the House will adjourn until Mon. July 13. p. 11848

SENATE

11. MUTUAL SECURITY. Passed, 65 to 26, with amendments H. R. 7500, the mutual security authorization bill for 1959, after substituting the text of a similar bill, S. 1451, as amended (pp. 11780, 11781, 11782-815). Conferees were appointed (p. 11814). House conferees have not yet been appointed.
Sen. Humphrey inserted and discussed a letter from this Department opposing his amendment to this bill, which was agreed to after he stated it had the approval of this Department and the Department of State, and which would make surplus food available under the bill also available to persons under domestic relief programs. He asked that the conference committee "consider carefully written executive branch positions on the differences between the Senate and House versions of the bill" as the House bill did not contain a provision similar to his amendment, and expressed his support for the amendment. p. 11816
12. FORESTRY. Sen. Neuberger inserted an editorial supporting legislation to establish a national park from the "great Pacific coast dunes of the southern Oregon coastline", which includes Forest Service lands. p. 11782
13. MONOPOLIES. At the request of Sen. Kefauver reconsidered the action of July 7 in agreeing to the House amendments to S. 726, to amend the Clayton Act so as to provide for the more expeditious enforcement of cease and desist orders, by agreeing to the House amendments with further amendments (the effect of this action returns the bill to the House). Sen. Kefauver explained that this was necessary because "Two clerical errors appear in the House engrossed amendment." p. 11815

86TH CONGRESS
1ST SESSION

H. R. 7500

IN THE SENATE OF THE UNITED STATES

JULY 8, 1959

Ordered to be printed with the amendment of the Senate

AN ACT

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1959".

5 STATEMENT OF POLICY

6 SEC. 2. (a) Section 2 of the Mutual Security Act of
7 1954, as amended, containing a statement of policy, is
8 amended by inserting the following sentence immediately
9 before the first sentence of subsection (a) thereof: "It is the
10 sense of Congress that peace in the world increasingly de-
11 pends on wider recognition, both in principle and practice,

1 of the dignity and interdependence of man; and that the sur-
 2 vival of free institutions in the United States can best be
 3 assured in a worldwide atmosphere of expanded freedom."

4 (b) Such section 2 is further amended by adding at the
 5 end thereof the following:

6 "(d) It is the sense of the Congress, recognizing the
 7 interdependence of the freedom and progress of liberty-
 8 loving people everywhere, that the United States within
 9 the limits of its other obligations has an interest in assisting
 10 the efforts of the people of the world to realize their aspira-
 11 tions for justice and improved living standards, for education,
 12 for governments of their own choosing and for dignity and
 13 respect as individual human beings."

14 CHAPTER I—MILITARY ASSISTANCE

15 MILITARY ASSISTANCE

16 SEC. 101. Section 103(a) of the Mutual Security Act
 17 of 1954, as amended, which relates to military assistance, is
 18 amended by striking out "1959" and "\$1,605,000,000" and
 19 substituting "1960" and "\$1,440,000,000", respectively.

20 LIMITATIONS ON FURNISHING OF MILITARY ASSISTANCE

21 SEC. 102. Section 105 of the Mutual Security Act of
 22 1954, as amended, which relates to conditions applicable to
 23 military assistance, is amended by redesignating subsec-
 24 tion (b) as subsection (c), and by inserting immediately
 25 after subsection (a) the following:

1 “(b) Subject to fulfilling commitments in existence on
2 June 30, 1959, no arms or weapons may be furnished to
3 any nation under this chapter on a grant basis, except where
4 the President determines that the national interest requires
5 otherwise and so reports to the Speaker of the House of
6 Representatives and the Committee on Foreign Relations
7 of the Senate, unless—

8 “(1) the arms or weapons requested by and fur-
9 nished to the recipient nation are needed to meet the
10 danger of direct Communist armed aggression or infiltra-
11 tion, or Communist subversion from within, or to per-
12 form agreed missions within collective defense arrange-
13 ments under treaties entered into with the United
14 States;

15 “(2) the arms or weapons furnished the recipient
16 nation are limited to those of a type and in amounts
17 appropriate to these needs; and

18 “(3) the defense expenditures of the recipient na-
19 tion, taking into account assistance from other sources,
20 do not overburden the economy of such nation in such
21 a way as to create internal instability, nor strain its
22 relations with its non-Communist neighboring nations
23 in such a way as to create regional instability, which
24 may overbalance the benefits of the protection provided
25 against the external danger.”

CHAPTER II—ECONOMIC ASSISTANCE

DEFENSE SUPPORT

SEC. 201. Section 131(b) of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out “1959” and “\$810,000,000” and substituting “1960” and “\$750,000,000”, respectively.

UTILIZATION OF COUNTERPART FUNDS

SEC. 202. Clause (iii) of section 142(b) of the Mutual Security Act of 1954, as amended, which relates to utilization of funds in Special Accounts, is amended (1) by inserting immediately before the colon preceding the first proviso the following: “or for the advancement of education, including the establishment, expansion, or operation of schools, colleges, or universities for the promotion of vocational, professional, scientific, technological, or general education”, and (2) by inserting immediately before the period at the end thereof the following: “: *Provided further,* That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States”.

DEVELOPMENT LOAN FUND

SEC. 203. Title II of chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 202(b), which relates to general authority, as follows:

(1) In clause (4) of the first sentence, strike out the comma following the words "labor surplus" and insert in lieu thereof the following: "and to the net position of the United States in its balance of trade with the rest of the world,".

(2) Insert the following sentence immediately after the second sentence: "The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people; demonstrate a clear willingness to take effective self-help measures; and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long term economic development objectives."

(3) In the next to last sentence, immediately before the period at the end thereof, insert the following: "nor shall the fractional reserve maintained by the Development Loan

1 Fund for any guaranty made pursuant to this section be less
 2 in any case than 50 percent of the face amount of such
 3 guaranty”.

4 (b) Amend section 203, which relates to capitalization,
 5 to read as follows:

6 “SEC. 203. CAPITALIZATION.—There is hereby author-
 7 ized to be appropriated to the President without fiscal
 8 year limitation, for advances to the Fund after June 30,
 9 1959, not to exceed \$700,000,000.”

10 (c) In section 204(b), which relates to fiscal provi-
 11 sions, strike out “(a)” in the second sentence.

12 TECHNICAL COOPERATION

13 SEC. 204. Title III of chapter II of the Mutual Security
 14 Act of 1954, as amended, which relates to technical coop-
 15 eration, is amended as follows:

16 (a) In section 304, which relates to authorization,
 17 strike out “\$150,000,000” and “1959” and substitute
 18 “\$179,500,000” and “1960”, respectively.

19 (b) Amend section 306, which relates to multilateral
 20 technical cooperation and related programs, as follows:

21 (1) In subsection (a), which relates to contributions
 22 to the United Nations Expanded Program of Technical
 23 Assistance and related fund, strike out “\$20,000,000” and
 24 “1959” and substitute “\$30,000,000” and “1960”, respec-
 25 tively.

1 ~~(2)~~ In subsection ~~(b)~~, which relates to contributions to
 2 the technical cooperation program of the Organization of
 3 American States, strike out “1959” and substitute “1960”.

4 ~~(c)~~ Section 308 is hereby repealed.

5 SPECIAL ASSISTANCE AND OTHER PROGRAMS

6 SEC. 205. Title IV of chapter II of the Mutual Security
 7 Act of 1954, as amended, which relates to special assistance
 8 and other programs, is amended as follows:

9 ~~(a)~~ Amend section 400, which relates to special assist-
 10 ance, as follows:

11 ~~(1)~~ In subsection ~~(a)~~, strike out “1959” and “\$202,
 12 500,000” and substitute “1960” and “\$250,000,000”,
 13 respectively.

14 ~~(2)~~ In subsection ~~(c)~~, insert “(1)” immediately after
 15 “specify,” and immediately after “ideas and practices of
 16 the United States,” insert “or ~~(2)~~ for hospitals abroad de-
 17 signed to serve as centers for medical treatment, education
 18 and research, founded or sponsored by citizens of the United
 19 States,”; and in the last sentence of such subsection, imme-
 20 diately after “as amended,” insert “and notwithstanding
 21 the provisions of Public Law 213, Eighty-second Congress,
 22 the President is authorized to utilize foreign currencies accru-
 23 ing to the United States under this or any other Act,”.

24 ~~(3)~~ Add at the end of such section 400 the following:

25 “(d) Notwithstanding the provisions of section 1415

1 of the Supplemental Appropriation Act, 1953, or any other
 2 provision of law, the President is authorized to use foreign
 3 currencies accruing to the United States in any Latin Amer-
 4 ican country under this or any other Act (other than under
 5 title II of chapter II of this Act) in such amounts as may
 6 be specified from time to time in appropriation Acts for
 7 the purpose of making loans for land resettlement programs
 8 described in clause (C) of subsection (b) of this section."

9 (b) Insert after section 400 the following new section:

10 "SEC. 401. UNITED NATIONS EMERGENCY FORCE.—

11 The Congress of the United States, recognizing the important
 12 contribution of the United Nations Emergency Force to in-
 13 ternational peace and security, declares it to be the policy
 14 of the United States and the purpose of this section to sup-
 15 port the United Nations Emergency Force. The President
 16 is hereby authorized to use during the fiscal year 1960 funds
 17 made available pursuant to section 400(a) of this Act for
 18 contributions on a voluntary basis to the budget of the United
 19 Nations Emergency Force."

20 (c) In the first sentence of section 402, which relates to
 21 earmarking of funds, strike out "1959" and substitute
 22 "1960."

23 (d) In section 403, which relates to responsibilities in
 24 Germany, strike out "1959" and "\$8,200,000" in the first

1 sentence and substitute "~~1960~~" and "~~\$7,500,000~~", re-
 2 spectively.

3 ~~(c)~~ Amend section 405, which relates to migrants,
 4 refugees, and escapees, as follows:

5 ~~(1)~~ In subsection ~~(c)~~, strike out "~~1959~~" and "~~\$1,~~
 6 ~~200,000~~" and substitute "~~1960~~" and "~~\$1,100,000~~", re-
 7 spectively.

8 ~~(2)~~ In subsection ~~(d)~~, strike out "~~1959~~" and "~~\$8,~~
 9 ~~600,000~~" and substitute "~~1960~~" and "~~\$5,200,000~~", re-
 10 spectively.

11 ~~(f)~~ In section 406, which relates to children's welfare,
 12 strike out "~~\$11,000,000~~" and "~~1959~~" and substitute
 13 "~~\$12,000,000~~" and "~~1960~~", respectively.

14 ~~(g)~~ In section 407, which relates to Palestine refugees
 15 in the Near East, strike out "~~1959~~" in the first sentence and
 16 substitute "~~1960~~"; and strike out the proviso in the first
 17 sentence.

18 ~~(h)~~ In section 408 ~~(c)~~, which relates to the North At-
 19 lantic Treaty Organization, strike out "~~four~~" and substitute
 20 "~~five~~".

21 ~~(i)~~ In section 409 ~~(c)~~, which relates to ocean freight
 22 charges, strike out "~~1959~~" and "~~\$2,100,000~~" and sub-
 23 stitute "~~1960~~" and "~~\$2,300,000~~", respectively.

1 ~~(j)~~ Section 410, which relates to Control Act expenses,
2 is repealed.

3 ~~(k)~~ Amend section 411, which relates to administrative
4 and other expenses, as follows:

5 ~~(1)~~ In subsection ~~(b)~~, strike out “1959” and “\$33,
6 000,000” and substitute “1960” and “\$39,500,000”, re-
7 spectively.

8 ~~(2)~~ In subsection ~~(c)~~, strike out “, not to exceed
9 \$7,000,000 in any fiscal year,”; and insert before the period
10 “, and for expenses of carrying out the objectives of the
11 Mutual Defense Assistance Control Act of 1951 (22 U.S.C.
12 1611): *Provided*, That, in addition, funds made available
13 for carrying out chapter I of this Act shall be available for
14 carrying out the objectives of the Mutual Defense Assistance
15 Control Act of 1951 in such amounts as the President may
16 direct”.

17 ~~(l)~~ Amend section 413, which relates to encourage-
18 ment of free enterprise and private participation, as follows:

19 ~~(1)~~ In subsection ~~(b)~~ (4) (F), strike out “\$500,
20 000,000” and substitute “\$1,000,000,000”.

21 ~~(2)~~ In subsection ~~(c)~~, delete the words “a study” fol-
22 lowing the words “shall conduct” and insert in lieu thereof
23 “annual studies”; insert immediately before the period at
24 the end of the first sentence the following: “, and to the
25 net position of the United States in its balance of trade with

1 the rest of the world"; and in the final sentence delete the
 2 word "study" following "such" and insert in lieu thereof
 3 "studies".

4 ~~(m)~~ In section 419(a), which relates to atoms for
 5 peace, strike out "1959" and "\$5,500,000" in the second
 6 sentence and substitute "1960" and "\$6,500,000", respec-
 7 tively.

8 CHAPTER III—CONTINGENCY FUND

9 SEC. 301. Section 451(b) of the Mutual Security Act of
 10 1954, as amended, which relates to the President's special
 11 authority and contingency fund, is amended by striking out
 12 "1959" and "\$155,000,000" in the first sentence and sub-
 13 stituting "1960" and "\$100,000,000", respectively.

14 CHAPTER IV—GENERAL AND ADMINISTRATIVE 15 PROVISIONS

16 SEC. 401. Chapter IV of the Mutual Security Act of
 17 1954, as amended, which relates to general and administra-
 18 tive provisions, is amended as follows:

19 ~~(a) (1)~~ Add at the end of section 502, which relates
 20 to use of foreign currency, the following new subsection:

21 ~~“(c)~~ Notwithstanding any other provision of law, for-
 22 eign currencies available to the United States for utilization
 23 under this or any other Act may be utilized by the President,
 24 in his discretion, for science and research, including the
 25 purchase, dissemination, and translation of scientific books

1 and treaties, in such amounts as may be specified from time
2 to time in appropriation Acts."

3 (2) In section 503, which relates to termination of
4 assistance, insert "(a)" immediately after "TERMINATION
5 OF ASSISTANCE.—", and add at the end thereof the
6 following:

7 "(b) In any case in which a nation shall hereafter
8 expropriate or confiscate the property of any person as
9 defined in section 413(b) of this Act and shall fail within
10 six months of such expropriation or confiscation to take
11 steps determined by the President to be appropriate to dis-
12 charge its obligations under international law toward such
13 person, the President shall withhold assistance under this
14 Act or any other Act to such nation.

15 "(c) The President shall include in his recommenda-
16 tions to the Congress for the fiscal year 1961 programs un-
17 der this Act a detailed plan for each country receiving bi-
18 lateral grant assistance in the categories of defense support
19 or special assistance, whereby such grant assistance shall be
20 progressively reduced."

21 (b) In section 505(b), which relates to loan assistance
22 and sales, strike out the third sentence and substitute the
23 following: "United States dollars received in repayment of
24 principal and payment of interest on any loan made under
25 this section shall be deposited into miscellaneous receipts

1 of the Treasury. Foreign currencies received in repayment
2 of principal and payment of interest on any such loan may
3 be sold by the Secretary of the Treasury to United States
4 Government agencies for payment of their obligations abroad
5 and the United States dollars received as reimbursement shall
6 also be deposited into miscellaneous receipts of the Treasury.
7 Foreign currencies so received which are in excess of the
8 requirements of the United States in the payment of its obli-
9 gations abroad, as such requirements may be determined
10 from time to time by the President, shall be credited to and
11 be available for the authorized purposes of the Development
12 Loan Fund in such amounts as may be specified from time
13 to time in appropriation Acts."

14 (c) In section 510, which relates to purchase of com-
15 modities, delete the comma following the words "industrial
16 mobilization base" in the third sentence and insert the fol-
17 lowing: "or to the net position of the United States in its bal-
18 ance of trade with the rest of the world,".

19 (d) In section 517, which relates to completion of plans
20 and cost estimates, delete the words "title I or" in the first
21 sentence, and insert "title I, II, or", and add at the end
22 of such section the following: "With respect to any loan
23 made under the provisions of title II of chapter II, the
24 President, if he finds it to be in the interests of the United
25 States, may waive any provision of this section."

1 ~~(e)~~ Insert immediately after section 517 the following
2 new section:

3 “SEC. 518. To the maximum extent feasible, all con-
4 tracts for construction outside the United States made in
5 connection with any agreement or grant subject to this sec-
6 tion shall be made through competitive bidding.”

7 ~~(f)~~ In section 523~~(b)~~, which relates to coordination
8 with foreign policy, add the following new sentence: “The
9 chief of the diplomatic mission shall make sure that recom-
10 mendations of such representatives pertaining to military
11 assistance are coordinated with political and economic con-
12 siderations, and his comments shall accompany such recom-
13 mendations.”

14 ~~(g)~~ Amend section 527, which relates to employment
15 of personnel, as follows:

16 ~~(1)~~ In subsection ~~(b)~~, strike out “sixty” and “thirty-
17 five” in the first sentence and substitute “sixty-five” and
18 “forty”, respectively; and add the following new sentence at
19 the end thereof: “One of the offices established by section
20 1~~(d)~~ of Reorganization Plan Numbered 7 of 1953 may,
21 notwithstanding the provisions of any other law, be com-
22 pensated at a rate not in excess of \$20,000 per annum.”

23 ~~(2)~~ In subsection ~~(c)~~, immediately below paragraph
24 ~~(2)~~, insert the following: “To the maximum extent feasible,
25 personnel appointed under this Act to perform services out-

1 side the United States shall be appointed in accordance with
2 the civil service laws.”

3 ~~(h)~~ Insert immediately after section 533 the following
4 new section:

5 “SEC. 533A. INSPECTOR GENERAL AND COMP-
6 TROLLER.—~~(a)~~ There is hereby established in the Depart-
7 ment of State an office to be known as the ‘Office of the
8 Inspector General and Comptroller’, which shall be headed
9 by an officer designated as the ‘Inspector General and Comp-
10 troller’, whose salary shall be fixed at the maximum rate
11 provided by section 527~~(b)~~, and who shall be appointed
12 by and be responsible to an Under Secretary of State desig-
13 nated for such purpose by the Secretary of State. In addi-
14 tion, there shall be a Deputy Inspector General and Comp-
15 troller, whose salary shall not exceed the maximum rate
16 provided under the General Schedule of the Classification
17 Act of 1949, as amended, and such other personnel as may
18 be required to carry out the functions vested in the Inspector
19 General and Comptroller by or pursuant to this section.

20 “~~(b)~~ There are hereby transferred to the Inspector
21 General and Comptroller all functions, powers, and duties
22 of the Office of Evaluation of the International Cooperation
23 Administration, and so much of the functions, powers, and
24 duties of the Office of Personnel Security and Integrity as
25 relate to investigations of improper activities in connection

1 with programs under the International Cooperation Admin-
2 istration.

3 “(c) The Inspector General and Comptroller shall have
4 the following duties:

5 “(1) Establishing a system of financial controls designed
6 to insure compliance with applicable laws and regula-
7 tions in carrying out programs under the provisions of
8 chapter I, of titles I, II, III (except section 306), and IV
9 (except sections 405, 406, 407, and 408) of chapter II and
10 of chapter III of this Act;

11 “(2) Advising and consulting with the Secretary of De-
12 fense or his delegate with respect to the controls, standards,
13 and procedures established under this section insofar as such
14 controls, standards, and procedures relate to assistance fur-
15 nished under chapter I of this Act;

16 “(3) Establishing policies and standards providing for
17 extensive internal audits of program activities under the pro-
18 visions of this Act referred to in paragraph (1);

19 “(4) Reviewing and approving internal audit programs
20 under this section, and coordinating such programs with the
21 General Accounting Office and the appropriate officials of
22 other Government departments in order to insure maximum
23 audit coverage and to avoid duplication of effort;

24 “(5) Reviewing audit findings and recommendations of
25 operating agencies and the action taken thereon, and making

1 recommendations with respect thereto to the Under Secre-
2 tary of State and other appropriate officials;

3 “(6) Conducting or requiring the conduct of such
4 special audits as in his judgment may be required in indi-
5 vidual cases, and of inspections with respect to end-item use
6 in foreign countries;

7 “(7) Prescribing a system of financial and statistical
8 reporting with respect to all programs carried out under the
9 provisions of this Act referred to in paragraph (1);

10 “(8) Advising the Under Secretary of State and other
11 appropriate officials on fiscal and budgetary aspects of pro-
12 posed programs under this Act;

13 “(9) Designing the form and prescribing the financial
14 and statistical content of the annual program presentation to
15 the Congress; and

16 “(10) Carrying out such other duties as may be vested
17 in him by the Under Secretary of State.

18 “(d) Expenses of the Office of the Inspector General
19 and Comptroller with respect to programs under this Act
20 shall be charged to the appropriations made to carry out
21 such programs: *Provided*, That all documents, papers, com-
22 munications, audits, reviews, findings, recommendations, re-
23 ports, and other material which relate to the operation or
24 activities of the Office of Inspector General and Comptroller

1 shall be furnished to the General Accounting Office and to
2 any committee of the Congress, or any duly authorized sub-
3 committee thereof, charged with considering legislation or
4 appropriation for, or expenditures of, such Office, upon re-
5 quest of the General Accounting Office or such committee
6 or subcommittee as the case may be."

7 (i) Amend section 534, which relates to reports to
8 the Congress, by inserting "~~(a)~~" immediately after "Re-
9 PORTS.—" and by adding at the end thereof the following:

10 "~~(b)~~ All documents, papers, communications, audits,
11 reviews, findings, recommendations, reports, and other mate-
12 rial which relate to the operation or activities of the Inter-
13 national Cooperation Administration shall be furnished to
14 the General Accounting Office and to any committee of the
15 Congress, or any duly authorized subcommittee thereof,
16 charged with considering legislation or appropriation for,
17 or expenditures of, such Administration, upon request of the
18 General Accounting Office or such committee or subcom-
19 mittee as the case may be."

20 (j) Amend section 537, which relates to provisions on
21 uses of funds, as follows:

22 (1) In subsection (c), strike out "\$26,000,000" and
23 substitute "\$27,750,000".

24 (2) Amend subsection (f) to read as follows:

1 “(f) During the annual presentation to the Congress of
2 requests for authorizations and appropriations under this Act,
3 there shall be submitted a detailed report on the assistance
4 to be furnished, ~~country by country~~, under title I of chapter
5 II, and under section 400 (a), of this Act. The report with
6 respect to each country shall contain a clear and detailed
7 explanation of the proposed level of aid for such country,
8 and shall include a listing of all significant factors considered
9 in determining the level of aid for such country; the reason
10 for including each such factor and an explanation of the
11 manner in which each of such factors is related to the specific
12 dollar figure which constitutes the proposed level of aid for
13 each such country. In addition, with respect to assistance
14 proposed to be furnished under title I of chapter II of this
15 Act, the report shall contain a clear and detailed explanation
16 on a ~~country by country~~ basis of the force objectives toward
17 the support of which such aid is proposed to be furnished;
18 the method by which such force objectives were arrived at;
19 and where the force objectives differ from the actual level
20 of forces in any such country, an explanation, in detail, of
21 the reason for the difference in such level of forces.

22 “(k) In section 543(d), which relates to saving pro-
23 visions, strike out the words between “repealed” and “shall”
24 in the first sentence and substitute “subsequent to the time

1 such funds are appropriated"; insert "or subsequent Acts"
2 after "1957" both times it appears in the second sentence;
3 and strike out the last sentence.

4 (1) Section 549, which relates to special provisions on
5 availability of funds, is repealed.

6 CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH;
7 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPER-
8 TION; AND AMENDMENTS TO OTHER LAWS

9 INTERNATIONAL COOPERATION IN HEALTH

10 SEC. 501. The Congress of the United States recognizes
11 that large areas of the world are being ravaged by diseases
12 and other health deficiencies which are causing widespread
13 suffering, debility, and death, and are seriously deterring
14 the efforts of peoples in such areas to develop their resources
15 and productive capacities and to improve their living condi-
16 tions. The Congress also recognizes that international efforts
17 are needed to assist such peoples in bringing diseases and
18 other health deficiencies under control, in preventing their
19 spread or reappearance, and in eliminating their basic causes.
20 Accordingly, the Congress affirms that it is the policy of the
21 United States to accelerate its efforts to encourage and sup-
22 port international cooperation in programs directed toward
23 the conquest of diseases and other health deficiencies.

1 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

2 SEC. 502. To enable the United States to maintain
3 membership in the Colombo Plan Council for Technical
4 Cooperation, there is hereby authorized to be appropriated
5 from time to time to the Department of State such sums as
6 may be necessary for the payment by the United States of
7 its share of the expenses of the Colombo Plan Council for
8 Technical Cooperation.

9 AMENDMENTS TO OTHER LAWS

10 SEC. 503. The Defense Base Act, as amended (42
11 U.S.C. 1651), is further amended by inserting in subsection
12 (e) of the first section, between "the approval of this
13 Act," and "and contracting officers" in the first sentence,
14 the following: "and the liability under this Act of a
15 contractor, subcontractor, or subordinate contractor engaged
16 in performance of contracts, subcontracts, or subordinate
17 contracts specified in subparagraph (5), subdivision (a) of
18 this section, and the conditions set forth therein, shall here-
19 after be applicable to the remaining terms of such contracts,
20 subcontracts, and subordinate contracts entered into prior
21 to June 30, 1958, but not completed on the date of the
22 enactment of the Mutual Security Act of 1959,".

1 *That this Act may be cited as the "Mutual Security Act of*
2 *1959".*

3 *SEC. 2. Section 2 of the Mutual Security Act of 1954, as*
4 *amended, which is a statement of policy, is amended to read*
5 *as follows:*

6 *"SEC. 2. STATEMENT OF POLICY.—(a) Through pro-*
7 *grams of assistance authorized by this Act and its predeces-*
8 *sors, the United States has helped thwart Communist intimi-*
9 *dation in many countries of the world, helped Europe re-*
10 *cover from the wounds of World War II, supported de-*
11 *fensive military preparations by nations alerted by Com-*
12 *munist aggression, and has soundly begun to help peoples*
13 *of economically underdeveloped areas to develop their re-*
14 *sources and improve their living standards.*

15 *"(b) Programs authorized by this Act continue to serve*
16 *the following principal purposes:*

17 *"(1) The Congress of the United States perceives*
18 *the abiding identity of interest which exists between the*
19 *people of the United States and the peoples of other lands*
20 *who are striving to establish and develop politically inde-*
21 *pendent and economically viable units, to produce more*
22 *goods and services and improve ways of living by methods*
23 *which reflect popular will, and to establish responsible*

1 *governments which cooperate with like-minded govern-*
2 *ments.*

3 “(2) *The Congress declares it to be a primary*
4 *objective of the United States, and one consistent with*
5 *its tradition and ideals, to share the strivings of the*
6 *peoples of other lands who are working energetically*
7 *toward political and economic freedom and the advance-*
8 *ment of living standards, by giving generously of our*
9 *substance, and by exchanges of knowledge and culture.*

10 “(3) *The Congress of the United States recognizes*
11 *that the peace of the world and the security of the*
12 *United States are endangered as long as international*
13 *communism and the nations it controls continue by*
14 *threat of military action, use of economic pressure,*
15 *internal subversion, or other means to attempt to bring*
16 *under their domination peoples now free and independent*
17 *and continue to deny the rights of freedom and self-*
18 *government to peoples and nations once free but now*
19 *subject to such domination. The Congress declares it*
20 *to be the policy of the United States to continue as long*
21 *as such danger to the peace of the world and to the*
22 *security of the United States persists to make available*
23 *to free nations and peoples upon request assistance of*

1 *such nature and in such amounts as the United States*
2 *deems advisable compatible with its own stability,*
3 *strength, and other obligations, and as may be needed*
4 *and effectively used by such free nations and peoples to*
5 *help them maintain their freedom.*

6 *“(c) It is the sense of the Congress that inasmuch as—*

7 *“(1) the United States, through mutual security*
8 *programs, has made substantial contributions to the eco-*
9 *nomie recovery and rehabilitation of the nations of*
10 *Western Europe;*

11 *“(2) due in part to those programs, it has been*
12 *possible for such nations to achieve complete economic*
13 *recovery and to regain their military strength; and*

14 *“(3) certain other friendly nations of the world*
15 *remain in need of assistance in order that they may*
16 *defend themselves against aggression and contribute to*
17 *the security of the free world,*

18 *those nations that have been assisted in their recovery should,*
19 *in the future, share with the United States to a greater extent*
20 *the financial burden of providing aid to those countries which*
21 *are still in need of assistance of the type provided under this*
22 *Act.*

23 *“(d) It is the sense of the Congress that assistance under*
24 *this Act shall be administered so as to assist other peoples*
25 *in their efforts to achieve self-government or independence*

1 *under circumstances which will enable them to assume an*
2 *equal station among the free nations of the world and to*
3 *fulfill their responsibilities for self-government or independ-*
4 *ence. To this end, assistance shall be rendered where appro-*
5 *priate and feasible in such a way as to promote the emergence*
6 *of political units which are economically viable, either alone*
7 *or in cooperation with neighboring units."*

8 *CHAPTER I—MILITARY ASSISTANCE*

9 *MILITARY ASSISTANCE*

10 *SEC. 101. Chapter I of the Mutual Security Act of*
11 *1954, as amended, which relates to military assistance, is*
12 *amended as follows:*

13 *(a) Amend section 103(a), which relates to authoriza-*
14 *tion, to read as follows:*

15 *"(a) There is hereby authorized to be appropriated*
16 *to the President for use beginning in the fiscal year 1960*
17 *to carry out the purposes of this chapter not to exceed*
18 *\$1,300,000,000, which shall remain available until ex-*
19 *pended: Provided, That of the funds made available pur-*
20 *suant to this section, \$893,750,000 shall be available only*
21 *for assistance to countries party to the North Atlantic*
22 *Treaty or for activities of the North Atlantic Treaty Organ-*
23 *ization in such countries. Programs of military assistance*
24 *subsequent to the fiscal year 1960 program shall be budgeted*

1 so as to come into direct competition for financial support
2 with other activities and programs of the Department of
3 Defense. There is hereby authorized to be appropriated to
4 the President for use beginning in the fiscal year 1961 such
5 sums as may be necessary from time to time to carry out
6 the purposes of this chapter."

7 (b) Amend section 105(b), which relates to conditions
8 applicable to military assistance, as follows:

9 (1) Paragraph (4) is amended to read as follows:

10 " (4) Military equipment and materials may be fur-
11 nished to the other American Republics only in further-
12 ance of missions directly relating to the common defense
13 of the Western Hemisphere which are found by the
14 President to be important to the security of the United
15 States, or for assistance to an international military force
16 under the control of the Organization of American
17 States for the protection of nations against external ag-
18 gression. The President annually shall review such find-
19 ings and shall determine whether military assistance is
20 necessary. Internal security requirements shall not be
21 the basis for military assistance programs to American
22 Republics. Of the funds made available pursuant to sec-
23 tion 103(a), not more than \$65,000,000 shall be avail-
24 able for military assistance in American Republics

1 *during the fiscal year 1960. An additional \$31,500,000*
2 *shall be available during the fiscal year 1960 only for*
3 *assistance to an international military force under the*
4 *control of the Organization of American States: Pro-*
5 *vided, That any balance remaining from such \$31,500,-*
6 *000 not so used may be transferred from the military*
7 *assistance account to the special assistance account (sec.*
8 *400(a)) and shall be available under the terms of*
9 *that section only to promote economic development in*
10 *Latin America."*

11 *(2) Add the following new paragraphs:*

12 *"(5) To the extent feasible and consistent with*
13 *the other purposes of this chapter, administrators of the*
14 *military assistance program shall encourage the use of*
15 *foreign military forces in underdeveloped countries in*
16 *the construction of public works and other activities help-*
17 *ful to economic development.*

18 *"(6) Military assistance to a country found by the*
19 *Secretary of State to be underdeveloped shall, unless the*
20 *Secretary authorizes an exception, be programed, and*
21 *force goals shall be recommended, according to the prin-*
22 *ciple that economic development needs shall have first*
23 *call on the internal resources of such country."*

1 *CHAPTER II—ECONOMIC ASSISTANCE*

2 *DEFENSE SUPPORT*

3 *SEC. 201. Section 131(b) of the Mutual Security Act*
4 *of 1954, as amended, which relates to defense support, is*
5 *amended by striking out “1959” and “\$810,000,000” and*
6 *substituting “1960” and “\$751,500,000”, respectively.*

7 *DEVELOPMENT LOAN FUND*

8 *SEC. 202. Title II of chapter II of the Mutual Security*
9 *Act of 1954, as amended, which relates to the Development*
10 *Loan Fund, is amended as follows:*

11 *(a) Amend section 203, which relates to capitalization,*
12 *to read as follows:*

13 *“SEC. 203. CAPITALIZATION.—There is hereby author-*
14 *ized to be appropriated to the President at any time after*
15 *enactment of the Mutual Security Act of 1959 without fiscal*
16 *year limitation for advances to the Fund after June 30, 1959,*
17 *not to exceed \$2,000,000,000 of which not to exceed \$750,-*
18 *000,000 may be advanced prior to July 1, 1960, not to*
19 *exceed an additional \$1,250,000,000 may be advanced prior*
20 *to July 1, 1961.”*

21 *(b) Amend section 205, which relates to management,*
22 *powers, and authorities, as follows:*

23 *(1) In subsection (b), strike out “three” in the second*
24 *sentence and substitute “four”.*

25 *(2) In subsection (c), strike out the last sentence.*

TECHNICAL COOPERATION

SEC. 203. Title III of chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "\$150,000,000" and "1959" and substitute "\$179,500,000" and "1960", respectively.

(b) Amend section 306, which relates to multilateral technical cooperation and related programs, as follows:

(1) In subsection (a), which relates to contributions to the United Nations expanded program of technical assistance and related fund, strike out "\$20,000,000" and "1959" and substitute "\$30,000,000" and "1960", respectively, and strike out "and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose for each such year" and insert ", for the calendar year 1959 not to exceed 40 per centum of the total amount contributed for such purpose, and for succeeding calendar years not to exceed 39 per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year".

(2) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1959" and substitute "1960".

1 (c) In section 308, which relates to the International De-
 2 velopment Advisory Board, insert "or officers" after "officer"
 3 in the first sentence and strike out "to administer this title"
 4 in that sentence.

5 SPECIAL ASSISTANCE AND OTHER PROGRAMS

6 SEC. 204. Title IV of chapter II of the Mutual Security
 7 Act of 1954, as amended, which relates to special assistance
 8 and other programs, is amended as follows:

9 (a) Amend section 400, which relates to special assist-
 10 ance, as follows:

11 (1) In subsection (a), which relates to authorization,
 12 strike out "1959" and "\$202,500,000" and substitute "1960"
 13 and "\$244,620,000", respectively.

14 (2) In subsection (c), which relates to assistance to
 15 American-sponsored schools and libraries abroad, strike out
 16 "\$10,000,000" and substitute "\$20,000,000".

17 (b) Insert after section 400 the following new section:

18 "SEC. 401. UNITED NATIONS EMERGENCY FORCE.—
 19 The Congress of the United States, recognizing the important
 20 contribution of the United Nations Emergency Force to in-
 21 ternational peace and security, declares it to be the policy
 22 of the United States and the purpose of this section to sup-
 23 port the United Nations Emergency Force. The President

1 *is hereby authorized to use during the fiscal year 1960 funds*
2 *made available pursuant to section 400(a) of this Act for*
3 *contributions on a voluntary basis to the budget of the United*
4 *Nations Emergency Force."*

5 (c) *In section 402, which relates to earmarking of funds,*
6 *strike out "1959" in the first sentence and substitute "1960",*
7 *in the same sentence, after the words "foreign currencies"*
8 *insert the words "or the grant", and at the end of the sec-*
9 *tion, add the following new sentences: "Surplus food com-*
10 *modities or products thereof made available for transfer*
11 *under this Act (or any other Act) as a grant or as a sale*
12 *for foreign currencies shall also be made available to the*
13 *maximum extent practicable to eligible domestic recipients*
14 *pursuant to section 416 of the Agricultural Act of 1949,*
15 *as amended (7 U.S.C. 1431), or to needy persons within*
16 *the United States pursuant to clause (2) of section 32 of*
17 *the Act of August 24, 1935, as amended (7 U.S.C. 612c).*
18 *Section 416 of the Agricultural Act of 1949, as amended*
19 *(7 U.S.C. 1431), is amended by inserting 'whether in*
20 *private stocks or' after 'commodities' the first time that word*
21 *appears.'".*

22 (d) *In section 403, which relates to responsibilities in*

1 *Germany, strike out "1959" and "\$8,200,000" in the first sen-*
 2 *tence and substitute "1960" and "\$7,500,000", respectively.*

3 *(e) Amend section 405, which relates to migrants,*
 4 *refugees, and escapees, as follows:*

5 *(1) In subsection (c), strike out "1959" and "\$1,200,-*
 6 *000" and substitute "1960" and "\$1,100,000", respectively.*

7 *(2) In subsection (d), strike out "1959" and "\$8,600,-*
 8 *000" and substitute "1960" and "\$5,200,000", respectively.*

9 *(f) In section 406, which relates to children's welfare,*
 10 *strike out "\$11,000,000" and "1959" and substitute "\$12,-*
 11 *000,000" and "1960", respectively.*

12 *(g) In section 407, which relates to Palestine refugees*
 13 *in the Near East, strike out "1959" in the first sentence*
 14 *and substitute "1960".*

15 *(h) In section 408(c), which relates to the North*
 16 *Atlantic Treaty Organization, strike out "four" and substi-*
 17 *tute "five".*

18 *(i) In section 409(c), which relates to ocean freight*
 19 *charges, strike out "1959" and "\$2,100,000" and substitute*
 20 *"1960" and "\$2,300,000", respectively.*

21 *(j) Section 410, which relates to Control Act expenses,*
 22 *is repealed.*

23 *(k) Amend section 411, which relates to administrative*
 24 *and other expenses, as follows:*

25 *(1) In subsection (b), strike out "1959" and "\$33,-*

1 000,000" and substitute "1960" and "\$39,500,000", respec-
2 tively.

3 (2) In subsection (c), strike out ", not to exceed
4 \$7,000,000 in any fiscal year,"; and insert before the period
5 ", and for expenses of carrying out the objectives of the
6 Mutual Defense Assistance Control Act of 1951 (22 U.S.C.
7 1611): Provided, That, in addition, funds made available for
8 carrying out chapter I of this Act shall be available for
9 carrying out the objectives of the Mutual Defense Assist-
10 ance Control Act of 1951 in such amounts as the President
11 may direct".

12 (l) After section 411, insert a new section as follows:

13 "SEC 412. PRESIDENT'S SPECIAL EDUCATION AND
14 TRAINING FUND.—Of the funds appropriated pursuant to
15 section 103(a) for use beginning in each of the fiscal years
16 1960 through 1964, \$10,000,000 for each such year shall be
17 available only as follows:

18 "(a) \$5,000,000 shall be available until expended only
19 for financing studies, research, instruction, and other educa-
20 tional activities of citizens of underdeveloped countries in
21 educational institutions in the United States, Puerto Rico,
22 and the Virgin Islands. Such financing may include pay-
23 ment for transportation, tuition, maintenance and other ex-
24 penses incident to scholastic activities. The President may
25 employ such funds to augment programs of this character

1 authorized by section 32(b)(2) of the Surplus Property Act
2 of 1944, as amended, and by the United States Information
3 and Educational Exchange Act of 1948, as amended, and he
4 may consolidate such portions of such \$5,000,000 as he may
5 deem appropriate with appropriations made to carry out these
6 two Acts.

7 “(b) \$5,000,000 shall be available until expended only
8 for the training of people of underdeveloped countries in
9 skills which will contribute to economic development. Such
10 training shall be carried out in accordance with the policies
11 set forth in title III of chapter II, relating to technical coop-
12 eration, and such \$5,000,000 may be consolidated with ap-
13 propriations made for carrying out title III of chapter II.”

14 (m) Amend section 413(b)(4), which relates to en-
15 couragement of free enterprise and private participation, as
16 follows:

17 (1) In subparagraph (A), strike out “any of the pur-
18 poses of this Act” and substitute “the development of the
19 economic resources and productive capacities of economically
20 underdeveloped areas”.

21 (2) In subparagraph (F), strike out “\$500,000,000”
22 and substitute “\$1,000,000,000”.

23 (3) In subparagraph (G), strike out “achieving any of
24 the purposes of this Act” and substitute “furthering the de-

1 *velopment of the economic resources and productive capacities*
2 *of economically underdeveloped areas”.*

3 (4) *In subsection (c), delete the words “a study”*
4 *following the words “shall conduct” and insert in lieu*
5 *thereof “such studies as are appropriate to keep the data up*
6 *to date”; insert immediately before the period at the end of*
7 *the first sentence the following: “, and to the net position of*
8 *the United States in its balance of trade with the rest of the*
9 *world”; and in the final sentence delete the word “study”*
10 *following “such” and insert in lieu thereof “studies”.*

11 (5) *Section 413 of the Mutual Security Act of 1954,*
12 *as amended, is amended by adding a new subsection, as*
13 *follows:*

14 “(d) *Under the direction of the President, the Depart-*
15 *ment of State and such other agencies of the Government as*
16 *the President shall deem appropriate shall conduct a study*
17 *of methods by which the United States and other nations*
18 *including those which are parties to regional agreements for*
19 *economic cooperation to which the United States is a party,*
20 *or any of them, might best together formulate and effectuate*
21 *programs of assistance to strengthen the economies of free*
22 *nations so as to advance the principal purposes of this Act,*
23 *as stated in section 2 thereof.”*

24 (n) *In section 419(a), which relates to atoms for*

1 peace, strike out "1959" and "\$5,500,000" in the second
2 sentence and substitute "1960" and "\$6,500,000", respec-
3 tively.

4 CHAPTER III—CONTINGENCY FUND

5 SEC. 301. Section 451(b) of the Mutual Security Act
6 of 1954, as amended, which relates to the President's special
7 authority and contingency fund, is amended by striking out
8 "1959" and "\$155,000,000" in the first sentence and sub-
9 stituting "1960" and "\$180,000,000", respectively.

10 CHAPTER IV—GENERAL AND ADMINISTRATIVE 11 PROVISIONS

12 SEC. 401. Chapter IV of the Mutual Security Act of
13 1954, as amended, which relates to general and administra-
14 tive provisions, is amended as follows:

15 (a) In section 501, which relates to transferability of
16 funds, designate the present text as "(a)" and add the follow-
17 ing new subsection:

18 "(b) In view of the rapidly increasing danger to the
19 independence of friendly countries which is presented by the
20 trade and assistance programs of international communism,
21 and notwithstanding subsection (a) of this section, the Presi-
22 dent is authorized to transfer to and consolidate with funds
23 made available for nonmilitary use under titles III and IV
24 of chapter II up to 30 per centum of the funds made avail-
25 able for military use under chapter I."

1 (b) In section 503, which relates to termination of as-
2 sistance, designate the present text as subsection “(a)” and
3 add the following new subsection:

4 “(b) The President shall include in his recommenda-
5 tions to the Congress for the fiscal year 1961 programs under
6 this Act a specific plan for each country receiving bilateral
7 grant assistance in the categories of defense support or special
8 assistance, whereby such grant assistance shall be progressively
9 reduced and eliminated.”

10 (c) In section 504, which relates to small businesses,
11 add the following new subsection:

12 “(d) There is hereby authorized to be appropriated to
13 the President for the fiscal year 1960 not to exceed \$2,-
14 500,000 to make available to foreign small business con-
15 cerns in underdeveloped countries, or to foreign government
16 organizations established for the purpose of helping such con-
17 cerns in underdeveloped countries, on such terms and condi-
18 tions as he may determine, machine tools, industrial equip-
19 ment and other equipment owned by agencies of the United
20 States Government.”

21 (d) In section 505(b), which relates to loan assistance
22 and sales, strike out the third sentence and substitute the fol-
23 lowing: “United States dollars received in repayment of
24 principal and payment of interest on any loan made under
25 this section shall be deposited into miscellaneous receipts of

1 *the Treasury. Foreign currencies received in repayment of*
2 *principal and payment of interest on any such loan which*
3 *are in excess of the requirements as determined from time*
4 *to time by the Secretary of State for purposes authorized in*
5 *section 32(b)(2) of the Surplus Property Act of 1944, as*
6 *amended (50 U.S.C. app. 1641 (b)), may be sold by the*
7 *Secretary of the Treasury to United States Government*
8 *agencies for payment of their obligations abroad and the*
9 *United States dollars received as reimbursement shall also be*
10 *deposited into miscellaneous receipts of the Treasury. For-*
11 *foreign currencies so received which are in excess of the re-*
12 *quirements of the United States in the payment of its obliga-*
13 *tions abroad, as such requirements may be determined from*
14 *time to time by the President, shall be credited to the Develop-*
15 *ment Loan Fund, and, notwithstanding section 1415 of the*
16 *Supplemental Appropriation Act, 1953, or any other pro-*
17 *vision of law relating to the use of foreign currencies or other*
18 *receipts accruing to the United States, shall be available for*
19 *use for purposes of title II of chapter II of this Act."*

20 *(e) Amend section 523, which relates to coordination with*
21 *foreign policy, as follows:*

22 *(1) In subsection (b), add the following new sentence:*
23 *"The chief of the diplomatic mission shall make sure that*
24 *recommendations of such representatives pertaining to mili-*
25 *tary assistance are coordinated with political and economic*

1 *considerations, and his comments shall accompany such recom-*
2 *mendations if he so desires."*

3 *(2) Amend subsection (c) to read as follows:*

4 *"(c) Under the direction of the President, the Secretary*
5 *of State shall be responsible for the continuous supervision*
6 *and general direction of the assistance programs authorized*
7 *by this Act, including but not limited to determining whether*
8 *there shall be a military assistance program for a country*
9 *and the value thereof, to the end that such programs are effec-*
10 *tively integrated both at home and abroad and the foreign*
11 *policy of the United States is best served thereby."*

12 *(f) In section 527(b), which relates to employment*
13 *of personnel, strike out "sixty" and "thirty-five" in the first*
14 *sentence and substitute "seventy-five" and "fifty", respec-*
15 *tively.*

16 *(g) Amend section 534, which relates to reports to the*
17 *Congress, by inserting "(a)" immediately after "RE-*
18 *PORTS.—" and by adding at the end thereof the following:*

19 *"(b) All documents, papers, communications, audits,*
20 *reviews, findings, recommendations, reports, and other ma-*
21 *terial which relate to the operation or activities of the Inter-*
22 *national Cooperation Administration shall be furnished to*
23 *the General Accounting Office and to any committee of the*
24 *Congress, or any duly authorized subcommittee thereof,*
25 *charged with considering legislation or appropriation for, or*

1 expenditures of, such Administration, upon request of the
2 General Accounting Office or such committee or subcom-
3 mittee as the case may be.”

4 (h) Amend section 537, which relates to provisions on
5 uses of funds, as follows:

6 (1) In paragraph (5) of subsection (a), strike out
7 “\$3,300” and substitute “\$3,800”.

8 (2) In subsection (c), strike out “\$26,000,000” and
9 substitute “\$27,750,000”.

10 (3) Amend subsection (f) to read as follows:

11 “(f) During the annual presentation to the Congress
12 of requests for authorizations and appropriations under this
13 Act, there shall be submitted a detailed report on the assist-
14 ance to be furnished, country-by-country, under title I of
15 chapter II, and under section 400(a), of this Act. The
16 report with respect to each country shall contain a clear and
17 detailed explanation of the proposed level of aid for such
18 country, and shall include a listing of all significant factors
19 considered in determining the level of aid for such country;
20 the reason for including each such factor and an explanation
21 of the manner in which each of such factors is related to the
22 specific dollar figure which constitutes the proposed level of
23 aid for each such country. In addition, with respect to
24 assistance proposed to be furnished under title I of chapter II
25 of this Act, the report shall contain a clear and detailed ex-

1 *planation on a country-by-country basis of the determination*
 2 *of the particular level of forces to be supported by the pro-*
 3 *posed request for authorization and appropriation for mili-*
 4 *tary assistance, the factors considered in arriving at each*
 5 *country determination, and where the level of forces supported*
 6 *by military assistance differs from the total level of forces*
 7 *maintained in any such country, an explanation, in detail, of*
 8 *the reason for the difference in such level of forces."*

9 *(i) In section 543(d), which relates to saving pro-*
 10 *visions, strike out the words between "repealed" and "shall"*
 11 *in the first sentence and substitute "subsequent to the time*
 12 *such funds are appropriated"; insert "or subsequent Acts"*
 13 *after "1957" both times it appears in the second sentence;*
 14 *and strike out the last sentence.*

15 *(j) Section 549, which relates to special provisions on*
 16 *availability of funds, is repealed.*

17 *(k) After section 549 add the following new sections:*

18 *"SEC. 550. INFORMATION POLICY.—The President*
 19 *shall, in the reports required by section 534, or in response to*
 20 *requests from Members of the Congress or inquiries from the*
 21 *public, make public all information concerning the mutual*
 22 *security program not deemed by him to be incompatible with*
 23 *the security of the United States.*

24 *"SEC. 551. LIMITATION ON THE USE OF THE PRESI-*
 25 *DENT'S SPECIAL AUTHORITY.—The authority contained in*

1 sections 403, 451, and 501 of this Act shall not be used to
2 augment appropriations made pursuant to sections 103(b),
3 408, 411(b), and 411(c) or used otherwise to finance
4 activities which normally would be financed from appropria-
5 tions for administrative expenses.

6 “SEC. 552. SUSPENSION OF ASSISTANCE TO CERTAIN
7 COUNTRIES.—Whenever the President determines that any
8 country receiving assistance under this Act is engaged in the
9 nationalization, expropriation, confiscation, or other taking
10 without adequate compensation of property owned by the
11 United States or any national thereof, he shall suspend as-
12 sistance to such country until he is satisfied that such country
13 (1) is no longer so engaged, and (2) has paid adequate
14 compensation for, or made restitution of, any property so
15 taken subsequent to the effective date of this Act.”

16 CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH;
17 COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERA-
18 TION

19 INTERNATIONAL COOPERATION IN HEALTH

20 SEC. 501. (a) The Congress of the United States recog-
21 nizes that large areas of the world are being ravaged by diseases
22 and other health deficiencies which are causing widespread
23 suffering, debility, and death, and are seriously deterring the
24 efforts of peoples in such areas to develop their resources and

1 *productive capacities and to improve their living conditions.*
2 *The Congress also recognizes that international efforts are*
3 *needed to assist such peoples in bringing diseases and other*
4 *health deficiencies under control, in preventing their spread*
5 *or reappearance, and in eliminating their basic causes. Ac-*
6 *cordingly, the Congress affirms that it is the policy of the*
7 *United States to accelerate its efforts to encourage and sup-*
8 *port international cooperation in programs directed toward*
9 *the conquest of diseases and other health deficiencies.*

10 *(b) In order to carry out the purposes of subsec-*
11 *tion (a) of this section and in order to plan logically for*
12 *an orderly expansion of United States support to interna-*
13 *tional health activities, the President is authorized to under-*
14 *take, in cooperation directly with other governments, or*
15 *indirectly through utilizing the resources and services of the*
16 *United Nations and the Organization of American States or*
17 *any of their specialized agencies, programs and projects of*
18 *research, studies, field surveys, trials, and demonstrations*
19 *to determine the feasibility of future intensive programs for*
20 *reduction, control, or eradication of disease problems of inter-*
21 *national importance. The President is hereby authorized to*
22 *use funds made available under the Mutual Security Act of*
23 *1954, as amended (other than chapter I and title II of*
24 *chapter II), to carry out the purposes of this section; and*

1 *there is hereby authorized to be appropriated to the Presi-*
 2 *dent, in addition to such funds, not to exceed \$2,000,000,*
 3 *for the fiscal year 1960.*

4 *COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION*

5 *SEC. 502. To enable the United States to maintain mem-*
 6 *bership in the Colombo Plan Council for Technical Coop-*
 7 *eration, there is hereby authorized to be appropriated from*
 8 *time to time to the Department of State such sums as may*
 9 *be necessary for the payment by the United States of its*
 10 *share of the expenses of the Colombo Plan Council for Tech-*
 11 *nical Cooperation.*

12 *CHAPTER VI—CENTER FOR CULTURAL AND TECHNICAL*
 13 *INTERCHANGE BETWEEN EAST AND WEST*

14 *STATEMENT OF PURPOSE*

15 *SEC. 601. The purpose of this chapter is to promote better*
 16 *relations and understanding between the United States and*
 17 *the nations of Asia and the Pacific (hereinafter referred to*
 18 *as “the East”) through cooperative study and research, by*
 19 *establishing in Hawaii a Center for Cultural and Technical*
 20 *Interchange Between East and West, either as a branch of an*
 21 *existing institution of higher learning or as a separate insti-*
 22 *tution, where scholars and students, in various fields from*
 23 *the nations of the East and the Western World may meet,*

1 study, exchange ideas and views, and conduct other activities
2 primarily in support of the objectives of the United States
3 Information and Educational Exchange Act of 1948, as
4 amended, and title III of chapter II of the Mutual Security
5 Act and other Acts promoting the international educational,
6 cultural, and related activities of the United States.

7 ESTABLISHMENT OF CENTER

8 SEC. 602. In order to carry out the purposes of this
9 chapter the Secretary of State (hereinafter referred to as
10 Secretary), after consultation with appropriate public and
11 private authorities, shall on or before January 3, 1960, pre-
12 pare and submit to the Congress a plan and program which
13 shall provide for—

14 (1) the establishment and operation in Hawaii of an
15 educational institution to be known as the Center for
16 Cultural and Technical Interchange Between East and
17 West through arrangements to be made with public,
18 educational, or other nonprofit institutions;

19 (2) grants, fellowships, and other payments to out-
20 standing scholars and authorities from the nations of the
21 East and Western World as may be necessary to attract
22 such scholars and authorities to the Center;

23 (3) grants, scholarships, and other payments to

1 *qualified candidates from the nations of the East and*
2 *West as may be necessary to enable such students to en-*
3 *gage in study at the Center; and*

4 *(4) making the facilities of the Center available for*
5 *study to other qualified persons on a reasonable basis.*

6 *AUTHORIZATION OF APPROPRIATIONS*

7 *SEC. 603. There are authorized to be appropriated, to*
8 *remain available until expended, such amounts as may be*
9 *necessary to carry out the provisions of this chapter.*

10 *CHAPTER VII—AMENDMENTS TO OTHER LAWS AND*

11 *MISCELLANEOUS PROVISIONS*

12 *SEC. 701. Public Law 885, Eighty-fourth Congress*
13 *(70 Stat. 890, 5 U.S.C. 170f–170t), which provides certain*
14 *basic authority for the Department of State, is amended by*
15 *adding at the end thereof a new section reading as follows:*

16 *“SEC. 16. (a) The Secretary of State is authorized to*
17 *make grants to individuals who are engaged in teaching*
18 *any modern foreign language, in an elementary or secon-*
19 *dary school or an institution of higher education. Such*
20 *grants shall be for the purpose of enabling such individuals,*
21 *during the summer period when their services as teachers*
22 *are not required, to obtain in an area, region, or country*
23 *in which the language they are teaching is commonly used,*
24 *advanced training in such language and training in other*
25 *fields needed for a full understanding of such area, region,*

1 or country. The Secretary shall consult with the Secretary
2 of Health, Education, and Welfare with respect to the
3 selection of individuals for grants under this section and
4 the establishment of standards for their selection, and the
5 Secretary of State may make arrangements for the perform-
6 ance by the Department of Health, Education, and Welfare
7 of such functions under this section as may be mutually
8 agreeable to the Secretary of State and Secretary of Health,
9 Education, and Welfare.

10 “(b) Notwithstanding section 1415 of the Supplemental
11 Appropriation Act, 1953, or any other provision of law,
12 the Secretary of State, in carrying out the provisions of this
13 section, may use currencies, or credits for currencies, of
14 any foreign government (1) held or available for expendi-
15 ture by the United States and not required by law or agree-
16 ment with such government to be expended or used for any
17 other purpose, or (2) made available under the provisions
18 of subsection (c) of this section.

19 “(c) In order to make additional funds available for the
20 purposes of this section the Secretary of State is authorized
21 to enter into an executive agreement or agreements with any
22 foreign government for the use of currencies, or credits for
23 currencies, of such government deposited pursuant to agree-
24 ments entered into under section 142(b) of the Mutual Secu-
25 rity Act of 1954 or section 115(b)(6) of the Economic

1 *Cooperation Act of 1948, or any other Act and not required*
2 *by agreement with such government to be expended or used*
3 *for any other purposes.”*

4 *SEC. 702. Section 522 of the Foreign Service Act of*
5 *1946, as amended (60 Stat. 1009, 22 U.S.C. 922), is*
6 *amended by striking out the word “and” at the end of sub-*
7 *paragraph (1), by striking out the period at the end of sub-*
8 *paragraph (2) and substituting a semicolon and the word*
9 *“and”, and by adding at the end thereof a new subparagraph*
10 *(3) which shall read as follows:*

11 *“(3) extend the appointment or assignment of any*
12 *Reserve officer, or continue the services of any such Re-*
13 *serve officer by reappointment without regard to the*
14 *provisions of section 527 of this Act, for not more than*
15 *five additional years if the Secretary deems it to be in*
16 *the public interest to continue such officer in the Service,*
17 *except that the assignment of any Reserve officer under*
18 *paragraph (2) above may not be extended under the*
19 *provisions of this paragraph without the consent of the*
20 *head of the agency concerned.”*

21 *SEC. 703. Section 1011(a) of the United States Informa-*
22 *tion and Educational Exchange Act of 1948, as amended*
23 *(22 U.S.C. 1442), is amended by inserting before the period*
24 *at the end thereof a colon and the following: “Provided, That*

1 the purpose of making informational media guaranties shall
2 be the achievement of the foreign policy objectives of the
3 United States, including the objective mentioned in sections
4 413(b)(4)(A) and 413(b)(4)(G) of the Mutual Security
5 Act of 1954, as amended”.

6 SEC. 704. EXPENSES OF ANNUAL MEETING OF
7 NORTH ATLANTIC TREATY PARLIAMENTARY CONFER-
8 ENCE.—There is authorized to be appropriated the sum
9 of \$100,000 for the purpose of defraying the expenses inci-
10 dent to the annual meeting of the North Atlantic Treaty Par-
11 liamentary Conference for the year 1959, to be held in
12 Washington, District of Columbia. Funds appropriated
13 pursuant to this authorization shall be disbursed on vouchers
14 jointly approved by the chairmen of the Senate and House
15 delegations to the Conference, and such approval shall be
16 final and conclusive upon the accounting officers in the audit-
17 ing of accounts incident to the annual meeting.

18 SEC. 705. UNITED STATES PARTICIPATION IN WORLD
19 REFUGEE YEAR.—There is authorized to be appropriated
20 the sum of \$10,000,000, to remain available until expended,
21 for United States participation in World Refugee Year.
22 Such sum shall be available for allocation by the President
23 for assistance, either directly or through intergovernmental
24 organizations or agencies, to the various refugee groups,

1 and shall be used primarily in furtherance of permanent
2 solutions of the problems of such groups and in alleviating
3 their urgent emergency needs.

4 SEC. 706. Section 104(k) of Public Law 480, Eighty-
5 third Congress (68 Stat. 454), as amended, is further
6 amended by substituting for the phrase "but no foreign cur-
7 rencies shall be used for the purposes of this subsection (k)
8 unless specific appropriations be made therefor;" the fol-
9 lowing: "Provided, That foreign currencies shall be
10 available for the purposes of this subsection (in addition to
11 funds otherwise made available for such purposes) only in
12 such amounts as may be specified from time to time in appro-
13 priation Acts;".

Passed the House of Representatives June 18, 1959.

Attest: RALPH R. ROBERTS,
Clerk.

Passed the Senate with an amendment July 8, 1959.

Attest: FELTON M. JOHNSTON,
Secretary.

86TH CONGRESS
1ST SESSION

H. R. 7500

AN ACT

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 8, 1959

Ordered to be printed with the amendment of the
Senate

What they did: By a series of strikes, slowdowns, stoppages, and other labor troubles, Pavlat and Snyder compelled the payment of \$1,200 by J. L. Cox & Sons Pipe Stringing Corp., which was laying a natural gas pipeline from Oklahoma into Illinois. By similar activities Pavlat and Long compelled the payment of \$2,501 by the O. R. Burden Construction Co. of Tulsa which was engaged in the same project.

(U.S. District Court for the Southern District of Illinois (1955); two cases.)

17. Arroyo, Wadelmiro, 9 months and \$2,000 fine; amount involved, \$15,000.

Who he was: Arroyo was president of Local 178, International Longshoremen's Association, Puerto Rico.

What he did: Arroyo negotiated an agreement with a Puerto Rican company for a welfare fund for its employees with an initial contribution of \$15,000 by the employer. The fund was to be administered by a committee of labor-management trustees; however, before they were appointed, Arroyo deposited the money in his personal bank account and used it for his own purposes.

(256 F. 2d 549 (1st Cir. 1958); certiorari granted by the Supreme Court October 13, 1958.)

18. Malinsky, Morris, 3 years; Green, Irving, 2½ years; Rapkin, Louis, 1 year, 1 day; Meglino, Joseph, 3 years suspended, 3 years probation; Pfeffer, Albert, 3 years; Tillinger, Milton, 2½ years; Lustigman, David, 3 years; Schwartz, Isidore, 2 years; Vogel, Samuel, 3 years suspended, 3 years probation; amount involved, association dues and union dues.

Who they were: Four of the defendants were with the New York Pickle and Condiment Dealers Association, Malinsky as business manager, Green and Rapkin as past presidents, and Meglino as past business manager. Vogel was president of Local No. 120, Pickle and Condiment Workers, affiliated with Confederated Unions of America. The others were affiliated with Local No. 1648, Condiment and Table Suppliers Union, Pfeffer as secretary, Tillinger as vice president, Lustigman as secretary-treasurer, and Schwartz as trustee.

What they did: The complex conspiracy in this case involved an attempt to monopolize the pickle and condiment industry in New York. Concerns in the industry were forced to join the association and to pay union dues, and those refusing experienced difficulties with the union.

(19 F.R.D. 426 (S.D., N.Y., 1956).)

In addition to those described in detail above, others convicted one or more times under the Hobbs and Taft-Hartley Acts are: Adrian, William; Anderson, William; Bales, William; Baurhenn, Paul; Doyle, Albert; Floyd, Virgil; Ferree, Oscar; Maum, Jack; Franzee, Dominick; Gibbs, Theodore; Gellhausen, Jack; Green, Jack; Hagen, Harry J.; Harmon, Guy M.; Higgins, Peter R.; Jochim, Stanley; Karpf, David; Lowry, Clayton A.; May, Thomas; Meisenhelter, Harry; Nedley, Raymond; Palmiatti, Claude; Patalito, Bruno; Schmidt, Henry; Sweeney, John; Valdario, Mario; Wright, Ralph; McKeever, Thomas; Morrison, Lawrence; Barrett, George; Nemirka, Michael Alexander; Tomas, Carmela; Brennan, Sidney; Connelly, Gerald; Coleman, John; Garcia, Alejandro; Gallagher, Edward; Hudson, H. H.; Jorgesen, Jack; Lowry, C. A.; Medina, R. S.; Moore, J.; Martire, Dante; Nathan, Isaac; Parran, James; Pecora, Thomas; Rodriguez, Ramon Mejias; Vertimiglia, Frank; Weibert, Peter; Williams, Eugene; Beslian, Robert J.; Eichengrund, Seymour; Siegal, Abraham; Korholtz, Herbert F.; Blerig, Fred W.; Lopp, Cyril J.; Brown, Cecil E.

Labor racketeering is only one segment of racketeering. In addition to the convictions of individuals listed above, many other racketeers, gamblers, and similar operators in all fields of organized crime have been convicted during the past 6 years under the internal

revenue laws. In most of the following cases, the defendant wilfully evaded income taxes, and in some cases wilfully failed to file a return or made false statements to revenue agents:

CONVICTIONS OF KNOWN RACKETEERS, GAMBLERS, ETC., UNDER THE TAX LAWS, JANUARY 1, 1953, TO MARCH 1959

Daniel Smith: Convicted June 5, 1953; sentence, 2 years; Massachusetts gambling wire service operator.

Frank Erickson: Convicted June 16, 1953; sentence, 6 months; New York gambler and reputedly one of the largest bookmakers in the country.

L. B. (Benny) Binyon: Convicted September 5, 1953; sentence, 5 years; well-known operator of gambling ventures in Texas.

Arthur H. Samish: Convicted November 17, 1953; sentence, 3 years; longtime lobbyist and representative of liquor industries in California.

Harry Gross: Convicted April 19, 1954; \$2,500 fine; New York bookmaker.

Frank Costello: Convicted May 13, 1954; sentence, 5 years; nationally known, notorious New York gambling figure.

George W. Lewis: Convicted May 13, 1954; sentence, 1 year; California gambler.

Alex Birns: Convicted July 23, 1954; sentence, 3 years; notorious Cleveland underworld figure.

Sam Beard: Convicted October 1, 1954; sentence, 5 years; Washington, D.C. gambler and numbers operator.

Louis Berra: Convicted October 1, 1954; sentence, 2 years; St. Louis labor racketeer.

Emmett R. Warring: Convicted December 21, 1954; sentence, 3 years; Washington, D.C., gambler and numbers operator.

John Doyle: Convicted January 29, 1955; sentence 2 years; Gary, Ind., bookmaker and slot-machine operator.

William Giglio: Convicted February 18, 1955; sentence, 15 years; involved in wartime sugar black market.

Frank S. Livorsi: Convicted February 18, 1955; sentence, 15 years; associated with William Giglio in sugar black market.

Howard M. Lawn: Convicted February 18, 1955; sentence, 1 year and 1 day; associate of Giglio and Livorsi in sugar black market.

Louis "Red" Smith: Convicted April 22, 1955; sentence, 1 year and 1 day; St. Louis gambler and racketeer.

Umberto Anastasio: Convicted May 23, 1955; sentence, 1 year; notorious New Jersey racketeer, reputed to have been at one time the executioner for Murder Inc.

Evan Dale: Convicted June 24, 1955; sentence, 10 years; Illinois labor racketeer.

Charles Friedman: Convicted November 1, 1955; sentence, 2 years (suspended) and 3 years probation; member of the notorious S & G syndicate, one of the largest off-the-track betting enterprises in the South.

John Ward: Convicted March 23, 1956; sentence, 4 years; New York waterfront racketeer.

Michael Bowers: Convicted March 23, 1956; sentence, 5 years; New York waterfront racketeer.

James D. Irving: Convicted May 15, 1956; sentence, 3 years; Chicago numbers operator.

Lionel Dominguez: Convicted October 30, 1956; sentence, 2 years; New Orleans lottery operator.

Frank Nathan: Convicted June 7, 1957; sentence, 3 years probation; notorious Pittsburgh, Pa., influence peddler.

Sidney Brodson: Convicted May 2, 1958; sentence, 2½ years; Milwaukee gambling figure, prominent in the basketball scandals a few years ago.

Peter Licavoli: Convicted May 2, 1958; sentence, 2½ years; reputed leader of the so-called Purple Gang in Detroit.

Elmer "Bones" Remmer: Convicted June 3, 1958; sentence, 5 years; California and Nevada gambling house operator.

Paul (the Waiter) DeLucia (alias Paul Ricca): Convicted June 12, 1958; sentence, 3 years; one of the alleged successors to Al Capone in Chicago.

Orell B. (Duke) Soucie: Convicted June 12, 1958; sentence, 18 months; Illinois labor racketeer.

Edward W. Curd: Convicted December 10, 1958; sentence, 1 year and 1 day; Lexington, Ky.; gambler, who was reputedly the key figure in the Kentucky University basketball scandal several years ago.

John F. O'Neill: Convicted December 10, 1958; sentence 1 year and 1 day; an associate of the notorious William DeKoning of the Operating Engineers Union in Brooklyn and Long Island.

Glenn Smith: Convicted January 7, 1959; awaiting sentence; Tennessee Teamsters' Union official who received \$18,000 from his union and contended he paid the money to a judge to fix a criminal case against union members.

Hugh L. Culbreath: Convicted January 23, 1959; \$30,000 fine; former sheriff of Hillsborough County (Tampa), Fla. There was testimony that he received payoffs from the racketeering element in the Tampa area.

Dave Beck: Convicted February 20, 1959; sentence, 5 years; former president of Teamsters' Union.

Others: Lorenzo Alaglia, Earl Artis, Mateo Azcona, Rozier C. Bayley, Leon C. Chester, Thomas B. Callahan, William Cohen, Edward Copeland, Isadore Eisenstein, Jang Kay Fong, Young Ah Fook, Fred M. Ford, Joseph Frank, John J. Gannon, Martin Hughes, Frank Iaconi, Harold Jackson, John Kampmeyer, Herbert Kaufman, Daniel J. Keating, Joseph Koza, Leo Link, Alfred C. Marshall, Samuel Marosso, John L. McEwen, James D. Robinson, Sanders Scott, Fred Shaheen, Elaine Simpson, Edward Sindelar, Charles P. Spencer, Joe R. Steele, John A. Stewart, Fred Talbot, Justin Tappero, Charles Toye, Harvey Veino, Leroy B. Williams, and Carroll Yates.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 244. An act for the relief of Alexander Antoniou; and

S. 510. An act for the relief of Peter R. Muller.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 33) favoring suspension of deportation in the cases of certain aliens, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H.R. 1595. An act for the relief of Victor Hoffer;

H.R. 2068. An act for the relief of Howard F. Knipp;

H.R. 4111. An act for the relief of Eva Marie Lesh;

H.R. 4134. An act to confer jurisdiction upon the District Court for the Territory of Alaska to hear, determine, and render judgment upon the claim, or claims, of Scotty James, of Sitka, Alaska;

H.R. 4957. An act to amend chapter 223 of title 18, United States Code, to provide for the admission of certain evidence, and for other purposes:

H.R. 5911. An act for the relief of Omer W. Guay;
 H.R. 6335. An act for the relief of Mrs. Lourene O. Estes;
 H.R. 7085. An act for the relief of John B. Sutter;
 H.R. 7638. An act for the relief of the estate of Sakihara Koki;
 H.J. Res. 444. Joint resolution for the relief of certain aliens;
 H.J. Res. 445. Joint resolution to facilitate the admission into the United States of certain aliens; and
 H.J. Res. 446. Joint resolution to waive certain provisions of section 212(a) of the Immigration and Nationality Act in behalf of certain aliens.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles, and referred to the Committee on the Judiciary:

H.R. 1595. An act for the relief of Victor Hoffer;
 H.R. 2068. An act for the relief of Howard F. Knipp;
 H.R. 4111. An act for the relief of Eva Marie Lesh;
 H.R. 4134. An act to confer jurisdiction upon the District Court for the Territory of Alaska to hear, determine, and render judgment upon the claim, or claims, of Scotty James, of Sitka, Alaska;
 H.R. 4957. An act to amend chapter 223 of title 18, United States Code, to provide for the admission of certain evidence, and for other purposes;
 H.R. 5911. An act for the relief of Omer W. Guay;
 H.R. 6335. An act for the relief of Mrs. Lourene O. Estes;
 H.R. 7085. An act for the relief of John B. Sutter;
 H.R. 7638. An act for the relief of the estate of Sakihara Koki;
 H.J. Res. 444. Joint resolution for the relief of certain aliens;
 H.J. Res. 445. Joint resolution to facilitate the admission into the United States of certain aliens; and
 H.J. Res. 446. Joint resolution to waive certain provisions of section 212(a) of the Immigration and Nationality Act in behalf of certain aliens.

MUTUAL SECURITY ACT OF 1959

The PRESIDING OFFICER. The hour of 12 o'clock has arrived; and morning business is concluded.

The Chair lays before the Senate the unfinished business, which will be read by title.

The CHIEF CLERK. A bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER. The Senate is now operating under the provisions of the unanimous-consent agreement.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Arkansas will state it.

Mr. FULBRIGHT. What is the pending question?

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. Is it in order to request unanimous consent that the morning hour be continued for a few minutes, in order to accommodate some of our colleagues?

Mr. DIRKSEN. Will the Senator from Oregon suggest a continuation for a definite period—for instance, 20 minutes?

Mr. MORSE. Mr. President, I ask unanimous consent that the morning hour be continued for an additional 20 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, in the course of recent hearings on mutual security legislation and in debate in this body, statements have been made by Members of the Senate and by witnesses regarding aid to underdeveloped countries, such as Pakistan, which could be interpreted as a lessening of U.S. interest in these countries or as lack of appreciation for their value as trusted allies of the United States. I feel confident that no such implications were intended.

It is in the nature of the American democratic process to examine and probe deeply into proposed legislation, particularly when there are involved large sums of money which will ultimately constitute demands upon the resources of our taxpayers. In the course of this careful examination and review, it is only proper that our policies be examined critically, to insure that the resources of our people will be utilized to the greatest benefit, not only of the United States, but also of the countries whom we earnestly want to assist. The proper balance between economic and military aid, particularly to countries suffering from the growing pains of economic growth, is one of the areas into which we, as representatives of the American people, must inquire critically. This however does not mean that we fail to recognize that a country such as Pakistan has justifiable needs to maintain a military establishment sufficient to maintain its internal security and to defend itself.

Nor does the critical examination of our military aid program mean to imply that we do not appreciate the importance to the United States and to the free world of close and friendly relations with countries which, like Pakistan, are co-operating with us in collective security arrangements for the purpose of resisting Communist aggression. I am sure that our friends in Pakistan will understand that we share their desire to see Pakistan develop as a strong independent country with a sound economic base and a stable representative government. We have observed with genuine interest and gratification the steps taken by President Ayub's government in the field of economic and agrarian reforms, as well as toward evolving representative political institutions suitable to conditions in Pakistan. I am certain that Pakistan will continue to receive encouragement and support from us in these efforts, as well as sympathy and understanding for

its legitimate security requirements, without which political and economic progress would not be possible.

And Mr. President, I wish to emphasize that I do not believe that unless a country has a democratic system just like ours or the British, it is beyond the pale. Each country has different conditions and problems and different stages of cultural and political development which call for different methods and principles for their effective solution.

I believe some of the countries which only recently have achieved independence have tried to operate governmental mechanisms which were too sophisticated for their people. This is especially true where the population is predominately illiterate.

So, Mr. President, I have the deepest sympathy and good will for those countries, such as Pakistan, Burma, Thailand, the Sudan, and Indonesia, which have had to suspend, at least temporarily, their representative system of government. Our own troubles should make all of us humble about man's capacity for self-government.

LEGISLATIVE PROGRAM

Mr. McGEE. Mr. President, when I came to the Chamber this morning, with the intention of requesting that certain items be printed in the RECORD, I did not expect that I would have the privilege to join in the colloquy between the majority leader and the minority leader, although what I had to insert in the RECORD bore considerably on what they had to say and on their exchange.

What I had wanted to say in connection with their remarks is that I suppose my campaign last November was distinguished in one regard—I do not know whether any other Members had a similar experience—namely, that in the course of my campaign, both the majority leader and the minority leader of this body visited my State in the interests of the campaign. I wish to pay tribute to both of them, in the light of what they said here this morning.

My remarks at this time have to do with what the two parties stand for and the significance of what the people are voting for.

As for one fresh from the political front, I may say that I think the sentiment of the people is reflected accurately and adequately in the latest of the Gallup polls, which was read here this morning by the distinguished majority leader.

But I do pay tribute to the minority leader [Mr. DIRKSEN] when he reminds all of us that here in the Senate he is gentle, and that, indeed, any heat he applies has been of a gentle type. When he appeared in Casper, Wyo.—not in the interest of my coming to Washington, but otherwise—because of his party loyalty, he applied only a gentle heat. But it was so gentle that it was a considerable factor in wafting me to the top of the list.

So I shall ever be grateful to him for his efforts; and I shall welcome visits by both the majority leader and the minority leader to our State in 1964 in our behalf.

CRITICISM BY PAUL M. BUTLER OF THE SLOW PACE OF THE 86TH CONGRESS

Mr. McNAMARA. Mr. President, in the past 2 days there has been much discussion concerning a television appearance by Paul M. Butler, chairman of the Democratic National Committee. I have been asked by several newsmen what my reaction is to his statement.

Mr. Butler reportedly was critical of the slow pace of the 86th Congress and of its failure to produce anything approaching a dynamic, constructive legislative program.

I did not have the opportunity personally to see the television program. However, if newspaper accounts of what Mr. Butler said are even remotely accurate, then I completely agree with him.

According to these accounts, Mr. Butler was reflecting an attitude of irritation and frustration that many of us in the Senate have felt for some time, as we see the months roll by with only the most modest and routine achievements. We frequently meet early and stay here late. But there are those of us who feel that long hours spent in passing mediocre legislation under fictitious deadlines, and with the veto hobgoblin waved at us, are a poor substitute for a Congress responsive to the needs of the people. For many weeks we have been critical—both publicly and privately—of these tactics and this inaction.

But this criticism is not the exclusive property of those of us in the Congress. Anyone who is concerned about the future and strength of this country is entitled to criticize.

Mr. Butler, as chairman of the Democratic National Committee, certainly has far more right than many to express such criticism.

The Democratic advisory council also has been critical of the lack of progress by this Congress.

Certainly if the platform of the Democratic Party were an animate object capable of speaking, it could not help but be critical of the lack of progress.

Today, the leadership of the Democratic 86th Congress appears to be more like leadership of the minority of the majority. Or perhaps it is leadership of the majority of the minority. In any event, it is looking less and less like the leadership of the majority party in Congress.

But before the Republicans draw any comfort from our criticism of each other in the Democratic Party, let it be clearly understood where the basic blame lies. It lies with the negative, do-nothing policy of the Republican administration—an administration which appears dedicated to stifling genuine economic growth and prosperity in this country.

It is, in my judgment, a mistake for the Democratic leadership to cater to this Republican program of stagnation through the passage of so-called veto-proof legislation.

But, mistaken though I feel that tactic to be, it does not excuse the Republican administration's lack of vision and courage. It is this lack, above all else, that the American people will be most interested in correcting at election time.

THE MUTUAL SECURITY PROGRAM

Mr. WILEY. Mr. President, this morning I spoke with a citizen of my State in relation to the rather brilliant and dynamic remarks made yesterday by the distinguished Senator from Ohio [Mr. LAUSCHE]. That citizen said to me, "I thought he did a great job, but you know, Senator, he did something else. I was listening to your remarks, and I got to understand more deeply some of the issues you raised in the questions you asked."

I asked this person what he meant. Then I returned to my remarks. I am going to read the questions again, because in this mutual security battle, it seems to me there is involved the matter of asking questions and finding solutions.

The first question asked was, What is the world situation? What are the dangers? What are the safeguards?

The second question was, What is mutual security attempting to accomplish, and what has it accomplished? Is there any need for continuing the economic part of this program? Is there any need for continuing the military part of this program? If we are to discontinue it, what effect would it have on our own security? Yes, what effect would it have on our economy?

Then, the final question, What effect would it have on the overall balance of power in the world conflict we are in?

This particular person said, "I heard you ask your questions on the floor, but they did not sink in then. If you take the remarks of Senator LAUSCHE, and the questions you asked, there is a very clear answer to the questions. The answer is that an adequate mutual security program must be adopted. Then the next question is, What is adequacy?" The individual said, "There apparently is where you Senators differ. Some think certain items can be cut. Others do not think so. So what part does the executive department play in the solution?"

I answered the question in this way: "I am simply a Senator. I have listened to testimony for years, now, in committee, and I have heard arguments on the floor. I have been guided by the judgment of those who I think are better qualified to answer the question, What is the world situation? Has it improved? Is it as serious as it was? Is it as threatening? The answer is, It has not improved. What is mutual security attempting to do? It is attempting to build a deterrent, as it has in the past. Has it succeeded up to the present time? Yes. Have there been any leaks? Have there been any misplaced funds? Of course. Three or four billion dollars cannot be put through human agencies or individuals without there being mistakes."

That is the way I answered the question.

He said, "Well, I think that is correct." He said, "Don't you think there should be some corners cut here and cut there?"

I said, "Again, that is a matter for each individual Senator to find the answer to in his own conscience. In my humble opinion, there is a need for con-

tinuing the economic and military part of this program."

That is how the conversation terminated.

Mr. President, I turn to another subject.

The PRESIDING OFFICER. The Senator from Wisconsin.

FOREIGN SERVICE ACADEMY

Mr. WILEY. Mr. President, we recall that on Monday the Foreign Relations Committee held hearings on proposals to establish a Foreign Service Academy.

As a sponsor of a bill, S. 730, for this purpose, I believe the Nation has a responsibility for creating a most effective program for the training and development of diplomatic personnel.

If nuclear—missile war can be avoided, more and more of the decisions affecting the national interest and security will be made around the conference table.

We recognize, of course, that the Foreign Service Institute of the State Department, within its limitations, is doing a splendid job. The question is: Are we, as a nation, doing enough to assure that our Foreign Service training facilities are not only adequate, but that the very best efforts are made to attract sufficient, high-caliber personnel to represent the interests of our Nation abroad in the many complex ways demanded of them?

The July 7 edition of the Washington Daily News contains an illuminating article reviewing the Foreign Service situation. Believing that it merits the consideration of the Congress, as we consider ways and means for further improving our Foreign Service program, I ask unanimous consent to have the article printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FOREIGN SERVICE NEEDS

(By Peter Edson)

The question is how to develop a U.S. Foreign Service competent to do its job in an increasingly complex world. It must be truly representative of the best in America without being considered on Ivy League clique or caste.

The State Department has again turned thumbs down on the idea of creating a National Foreign Service Academy—a kind of West Point to train diplomats.

Senators STUART W. SYMINGTON, Democrat, of Missouri, ALEXANDER WILEY, Republican, of Wisconsin, and several Congressmen are this year's authors of bills to set up such a finishing school.

But Loy W. Henderson, Deputy Under Secretary of State for Administration and a career Foreign Service officer (FSO) himself, says, "No." Department of State still prefers to take college graduates just as they come and teach them diplomacy in the school of experience.

A recent check of 670 young people recruited into the Foreign Service in 6½ years showed them to be graduates of 145 U.S. colleges and universities.

But Harvard led the parade with 68, Yale was second with 56, Princeton third with 46. Then came University of California with 32, Chicago 26, Georgetown 23, George Washington 21, Columbia 17, Stanford and Wisconsin 14.

This big 10 accounted for 47 percent of the personnel in training. The other 135 schools had 1 to 10 graduates apiece in service, from 44 States in the Union.

Well intentioned as this broad base of selection may be, the system still is not producing enough high caliber Foreign Service officers to meet the demand.

As one distinguished FSO remarked recently, "There are only about 25 career people in the State Department to shove around in the top jobs." It was a startling confession. Quantity is short as well as quality.

The U.S. Foreign Service now has only two active, \$20,000-a-year career Ambassadors. They are Deputy Under Secretary of State Robert Murphy and Ambassador to Austria H. Freeman Matthews. They rank, protocol-wise, just above the 27 four-star admirals and generals.

Right through the services, the country is seen to be better equipped—personnelwise—for war than peace.

In the rank below the career ambassadors, the Foreign Service has 71 career ministers at \$19,250 apiece. They rank just above the 86 three-star generals and admirals.

Forty-five of these career ministers are serving in foreign countries as ambassadors. The other 26 are shoved around in top State Department jobs.

Ambassador George V. Allen is running the U.S. Information Agency. James W. Riddleburger is running the foreign aid program. Livingston T. Merchant is Assistant Secretary of State for European Affairs. Thomas C. Mann, Assistant Secretary for Economic Affairs. And so on.

In addition to the fact that these career Ministers aren't paid enough so they can afford to be sent to the top diplomatic posts, there aren't enough of them.

So, of the 82 U.S. embassies, 26 have political appointees as ambassadors. With the exception of men like David K. E. Bruce in Germany and Ellsworth Bunker in India, few of these political ambassadors have had diplomatic training or experience.

This is another factor leading to the demand for better Foreign Service training system.

OREGON DUNES AND SEA LION CAVES NATIONAL SEASHORE PARK

Mr. NEUBERGER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an editorial from the Coquille Valley Sentinel, of Coquille, Oreg., in support of my bill for an Oregon Dunes and Sea Lion Caves National Seashore Park.

The editorial, written by Ralph P. Stuller, editor of the Coquille Valley Sentinel, was likewise reprinted in the Port Umpqua Courier of July 2, 1959. The Port Umpqua Courier is published at Reedsport, Oreg., where Senate subcommittee hearings will be held on this vital legislation.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SENATOR NEUBERGER AND DUNES FIGHT
(By Ralph Stuller)

We haven't seen anything yet that makes us change our minds about the rightness of the cause of Senator NEUBERGER and other conservationists in urging that the great Pacific coast dunes of the southern Oregon coastline be preserved for all time by making them into a national park.

And though Senator NEUBERGER has been attacked severely, we are glad he is going ahead with a study and urging of this great park area. We've had some of the fun too

due to editorials we wrote supporting the project.

And so convincing have been our letters of abuse from the Florence area that we are really convinced now that the national parks for the salvation of the dunes is even more necessary. It appears that unless the park area is set up, the Nation and the State will lose a great natural resource.

THE GARRISON DIVERSION UNIT OF NORTH DAKOTA

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution of the North Dakota Water Users Association urging restoration of investigational moneys for the Bureau of Reclamation for the Garrison diversion unit of North Dakota for the fiscal year 1960.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

"RESOLUTION OF THE NORTH DAKOTA WATER USERS ASSOCIATION URGING RESTORATION OF INVESTIGATIONAL MONEYS FOR BUREAU OF RECLAMATION FOR THE GARRISON DIVERSION UNIT OF NORTH DAKOTA FOR FISCAL YEAR 1960

"Whereas the Pick-Sloan compromise for the Missouri Basin development provided for the irrigation of 1 million acres of North Dakota land in exchange for approximately half a million acres taken from production and the tax rolls; and

"Whereas this agreement was accepted in good faith by the State of North Dakota as reflected by action of three sessions of the State legislature, as well as by affirmative action of voters and taxpayers; and

"Whereas the Bureau of Reclamation, through their investigations, have discovered sufficient acreages and have engineering plans which provide for development of areas over a 70-year period; and

"Whereas the Bureau of Reclamation is presently engaged in firming up more detailed land classification, topographical mapping, and engineering for canal, lateral, and drainage layouts, cost estimates, and further economic studies in order to refine the project plan report completed in 1957, which indicates the economic feasibility by all rigid standards; and

"Whereas North Dakota, through its legislature, enacted legislation providing for the Garrison Diversion Conservancy District, which has been activated and is presently co-operating with farm operators and six organized irrigation districts for the purpose of completing repayment contracts on a partnership basis in order to assure an expeditious program if and when construction moneys are made available; and

"Whereas the U.S. House of Representatives reduction of the recommended Bureau of the Budget estimate of \$550,000 to \$300,000 for the Garrison diversion unit, will impair and seriously hinder the efficiency of scheduled work because of disruption of the Bureau of Reclamation's technical staff, and thus will bring added costs to the National Government because of added delays: Now, therefore, be it

"Resolved by the North Dakota Water Users Association, a statewide organization founded for the purpose of assuring orderly and maximum development of all of North Dakota's water resources, That the U.S. Senate Committee on Appropriations restore the \$250,000 reduced by the House of Representatives for the Garrison diversion unit and urges that the conference committee on public works Appropriations for 1960 sustain the full amount because it is in the economic interest of not only North Dakota, but the United States; and be it further

"Resolved, That copies of said resolution adopted by the North Dakota Water Users Association be transmitted to the U.S. Senators WILLIAM LANGER and MILTON R. YOUNG, of North Dakota, and Senator CARL HAYDEN, chairman of the U.S. Senate Committee on Appropriations, and to U.S. Representatives QUENTIN N. BURDICK and DON L. SHORT, of North Dakota, and to the Honorable CLARENCE CANNON, U.S. Representative and chairman of the House Committee on Appropriations."

The above resolution was adopted by the executive committee of the North Dakota Water Users Association at Bismarck, N. Dak., on June 19, 1959.

L. C. MUELLER,
President.
OSCAR N. BERG,
Executive Secretary.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Ratchford, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. PROXMIER in the chair) laid before the Senate a message from the President of the United States submitting the nomination of Dudley C. Sharp, to be Under Secretary of the Air Force, which was referred to the Committee on Armed Services.

The PRESIDING OFFICER. The further extension of time for morning business has expired. Morning business is concluded.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum and that the time for calling of the roll not be charged to either side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendment is open to further amendment.

Mr. ELLENDER. Mr. President, I call up my amendment "7-1-59-F" and ask that it be stated.

The LEGISLATIVE CLERK. On page 19, line 9, it is proposed to strike out "\$244,620,000" and insert in lieu thereof "\$100,000,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisi-

ana [Mr. ELLENDER]. How much time does the Senator from Louisiana yield himself?

Mr. ELLENDER. Mr. President, on this amendment I have 30 minutes. I allot myself as much of this time as is necessary to make my presentation.

The PRESIDING OFFICER. The Chair understands the time on this amendment is 1 hour. The Senator from Louisiana may proceed.

Mr. ELLENDER. Mr. President, the next item is special assistance. Under the committee bill, \$244,620,000 would be authorized for so-called special assistance. Now, Mr. President, special assistance is another of the fancy names which the foreign administrators have dreamed up for pure economic aid. In the case of special assistance, money is made available for economic aid to countries where we do not maintain a military assistance program and which, therefore, are ineligible for defense support.

Many of the proposed expenditures for special assistance are of questionable validity. First, there is Berlin. As we are well aware, Berlin is a trouble spot of the world. Just recently our Secretary of State returned from Geneva after weeks of conferences during which the Berlin crisis was sought to be resolved. It is also true that we have considerable responsibility in the Berlin area. However, Mr. President, I doubt sincerely that the amount which this bill proposes to be spent there is needed. For one thing, according to the committee report, the projects contemplated in Berlin will be financed in large part with deutschmarks derived from the sale of agricultural commodities to the Federal Republic of Germany. It strikes me that these local currencies could well be obtained under the authority of Public Law 480 without the need for Congress to appropriate borrowed dollars for this purpose.

In addition, we have to our credit in Germany, a considerable amount of local currencies derived from previous foreign aid operations there. The cash balance of U.S.-owned currencies in West Germany as of March 31 totaled over \$30 million in local currency equivalents—exhibit P. A portion of these funds could certainly be used for projects requiring local currencies in West Berlin. Further, West Germany itself should be well able to finance economic support for the Western sector of Berlin. As I indicated earlier, West Germany's gold reserves are high. She is actually reinvesting a larger percentage of her gross national product into her own economy than is our country.

But Berlin is not the only place savings could be made. Through the category of special assistance our country is in effect picking up the burdens which a variety of Western European countries have seen fit to lay down throughout the underdeveloped areas of the world. Some of the countries to receive special assistance are:

Morocco: In Morocco, the committee report notes, are found "particularly difficult economic problems resulting from the withdrawals of French technicians and capital requiring the expenditure of a large amount of American aid money."

Mr. President, we have already spent millions of dollars in Morocco. We have constructed many facilities there. In addition, this country is eligible for loans from the Development Loan Fund. If Morocco needs funds for development, as has been stated by the Senate Foreign Relations Committee, then I believe these funds should be made available from the Development Loan Fund.

I want to emphasize once again that the Development Loan Fund should be used in lieu of grants. As I pointed out yesterday, the original concept of the Development Loan Fund was that it eventually would replace all grants.

Another country we are asked to assist is Somalia.

Somalia: Here the committee report notes that this U.N. trust territory under Italian administration is scheduled to become independent in 1960 and that it will then be faced with enormous problems. I quote from the report:

Although Italy, under its responsibility as the administering power, is making significant contributions to Somalian development, it is important that the United States likewise give concrete manifestations of its interest in Somalia.

Mr. President, the Italian Government is well able to fulfill its responsibilities to Somalia without our having to step in and help. If the Somalian Government wants a manifestation of our interest, I would be delighted to introduce a joint resolution in the Congress expressing our esteem for that country. I refuse, however, to equate a manifestation of concrete interest, with the expenditure of American cash. It is this policy or attempting to buy friendship which has already brought us to the brink of economic disaster.

Another country in line to receive special assistance is Tunisia, which the committee report notes "is encountering special economic difficulties because of French withdrawal."

Here again, Mr. President, we are picking up the burdens laid down by one of our so-called European allies.

The same is true of Jordan, which also is on the special assistance list. For many years Jordan has been an area of great British interest. The United Kingdom, instead of fulfilling its responsibilities there, is pulling out, and generous, bighearted Uncle Sam is moving in.

I shall not read and discuss the complete list of recipient countries in the committee bill, because there are quite a few of them. However, I hold in my hand an article from the New York Times of June 24, 1959, which I believe emphasizes the need for reducing this authorization and related economic grant assistance programs instead of continuing them. It shows that Uncle Sam is being played for a sucker throughout the four corners of the world. Those countries which we have not assisted previously have found a very handy way to get dollars from us. They merely threaten to turn Communist, and in our haste to establish friendship with them, we immediately begin pouring money in.

The article to which I refer is entitled "Anti-U.S. Moves Demanded in Rio—

Kubitschek Pressed To Use Shock Treatment To Get Loans in Fiscal Crisis."

I ask unanimous consent that the article be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EXHIBIT Q

ANTI-U.S. MOVES DEMANDED IN RIO—KUBITSCHKEK PRESSED TO USE SHOCK TREATMENT TO GET LOANS IN FISCAL CRISIS

(By Tad Szulc)

RIO DE JANEIRO, June 23.—President Juscelino Kubitschek was reported tonight to be under heavy pressure to employ shock treatment to induce the United States to grant Brazil substantial aid.

The drastic economic and military measures suggested by his Nationalist advisers would pose grave problems for Washington in the Western Hemisphere.

According to informed quarters, these proposals include a ban on dollar remittances of profits and dividends by U.S. corporations here; a refusal to use balances of earlier U.S. credits for imports of industrial goods on the theory that this refusal would hurt U.S. exporters; an effort to negotiate large trade agreements with Communist states, beginning with a \$100 million pact with East Germany, and giving the state oil corporation a monopoly on imports of petroleum.

Some advisers, in what a Rio newspaper recently described as an attempt to turn President Kubitschek into a "Colonel Nasser," are even suggesting that as a last alternative Brazil denounce military agreements with the United States, including the 1958 pact on the use of Fernando de Noronha Island as a tracking station for guided missiles.

MODERATES ALSO ACTIVE

Most observers doubt, however, that Dr. Kubitschek would allow himself to be pushed that far.

Important moderate elements are seeking to persuade the President to seek a compromise. The United States is acting to strengthen these forces.

Thus 10 days ago Washington proposed to negotiate a slowdown of Brazilian debt payments to help this country meet an expected foreign-exchange deficit of \$320 million for 1959.

Brazil is willing to enter such talks. A postponement of payments to the Export-Import Bank of Washington, which this year alone amount to \$97 million would cut by almost one-third the gap between Brazil's export earnings and her import needs.

But it would not solve the difficulties. To cope with the possibility that new loans cannot be arranged, the Brazilian Government is formulating a disaster plan that in effect would represent a declaration of partial insolvency.

As a first step, the National Petroleum Council on June 8 asked foreign oil companies supplying Brazil to grant credit for 18 months.

As Brazil's oil-import bill in 1958 amounted to \$280 million the oil companies estimate that the 18-month credit would come to \$420 million.

There is little optimism that the request will be met in full.

If credits are unobtainable, the next step is likely to be gasoline rationing. This would strike at the heart of economic activity and doubtless would set off dangerous protests. The United States probably would receive the public blame.

A campaign already is underway among ultranationalist Communists to blame the United States for the refusal of the International Monetary Fund to approve Brazil's fiscal policies.

U.S. policy is to make loans only when the Fund has worked out a stabilization agreement with the recipient country.

Talks with the Fund were broken off earlier this month when Dr. Kubitschek declared it would injure the economic structure and cause social disturbances if, as demanded by the Fund, he removed subsidies on imports of oil, wheat, and newsprint, thus raising prices.

He then asked the United States for direct assistance, which in the eyes of Washington would cause the collapse of worldwide Fund arrangements.

Mr. ELLENDER. The article reads in part:

RIO DE JANEIRO, June 23.—President Juscelino Kubitschek was reported denying to be under heavy pressure to employ shock treatment to induce the United States to grant Brazil substantial aid.

The article continues:

Some advisers, in what a Rio newspaper recently described as an effort to turn Kubitschek into a Colonel Nasser are even suggesting that, as a last alternative, Brazil denounce military agreements with the United States, including the 1958 pact on the use of Fernando de Noronha Island as a tracking station for guided missiles.

The article states that—

According to informed quarters the so-called shock treatment proposals include a ban on dollar remittances of profits and dividends by U.S. corporations here; a refusal to use balances of earlier U.S. credits for imports of industrial goods * * * and—

I ask Senators to note this one particularly—

an effort to negotiate large trade agreements with Communist states, beginning with a \$100 million pact with East Germany and giving a State oil corporation a monopoly on imports of petroleum.

We are not building friendships with our aid, nor are we creating strong alliances. We are merely serving notice to countries which have heretofore been our friends that if they want us to give them our money all they have to do is threaten to embrace communism and Uncle Sam will hand them a passkey to our treasury.

I also have an article from the New Orleans Times-Picayune of recent date headlined "Some Nepalese Assail U.S. Aid."

Mr. President, I ask unanimous consent that the article to which I have referred be printed in the RECORD at this point as part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EXHIBIT R

SOME NEPALESE ASSAIL U.S. AID—Too MUCH INTERFERENCE, OFFICIALS CHARGE

(By Watson Sims)

KATMANDU, NEPAL.—The U.S. foreign aid program has become a political football in this mountain kingdom 11,000 miles from Washington.

Some Nepalese politicians have little good to say for a program that already has pumped more than \$10 million into the Illinois-size realm, and this year will spend 10 million more.

The most extreme critic, former Prime Minister K. I. Singh, contends the aid program is actually hurting America's prestige here.

He has charged that U.S. officials used bullying tactics to insure that U.S. aid was used as the United States saw fit. He asserted United States and British missions sought to help elements fighting Red rule in neighbor-

ing Tibet. This, he contended, would drag Nepal into the vortex of international conflict and could result in another Korea.

U.S. Ambassador Ellsworth Bunker this week denied the United States has interfered in Nepalese affairs. His statement said the United States considers Nepal a sovereign and independent nation. He emphasized that all projects here involving U.S. funds were chosen and approved by the Nepalese Government.

Some observers say Singh denounces American aid for lack of a better political issue to work on. But other political leaders also criticize the way the dollars are being spent. As a result, the 44 U.S. technicians now in Nepal find themselves often on the defensive.

Nepal did not really enter the 20th century until 1950, when the Rana dynasty of hereditary prime ministers was overthrown. The Ranas had rigidly kept out foreign influences for more than 100 years.

Approaching democracy for the first time, Nepal had no telephones, no railroads, and no highways. Less than 3 percent of the people could read and write.

In the first 6 years after the Ranas were overthrown, Nepal had nearly a dozen governments. There have been three changes in the ensuing 4 years. Continually changing demands for different projects by the various regimes has held up progress on the aid program.

"We want to give them what they want," one U.S. official said. "The only thing we try to insure is that the projects are worthwhile and practicable."

Mr. ELLENDER. **Mr. President,** Nepal is one of the countries programed for special assistance under the committee bill. In past years, we have aided Nepal by way of technical assistance, and I believe that if further economic aid is to be provided, the funds should be obtained from the Development Loan Fund, instead of by direct grant, as is proposed in this bill. Let me read a few paragraphs from this newspaper article:

The U.S. foreign aid has become a political football in this mountain kingdom more than 11,000 miles from Washington.

Some Nepalese politicians have little good to say for a program that has already pumped more than \$10 million into the Illinois-sized realm, and this year will spend \$10 million more.

The most extreme critic, former Prime Minister K. I. Singh, contends the aid program is actually hurting America's prestige here.

I believe, **Mr. President,** that Mr. Singh is probably correct, and for this reason I urge Senators to vote with me in making a start toward reducing this program.

Notwithstanding the fact that such assistance is sought to be justified on so-called economic grounds, the bureaucrats will admit that much of this special assistance is the consideration paid for the maintenance of many of our overseas bases. I submit, **Mr. President,** that if this indeed is one of the main reasons for this aid, it offers further justification for a more thorough scrutiny of the dollars we wish to appropriate for this purpose.

If this money, or any part of it, is to be used to pay tribute to the rulers of Morocco, Tunisia, and other countries, then let that be publicly known. Let us not disguise rental payments to the rulers of these countries as economic aid to the peoples of those countries.

Mr. FULBRIGHT. **Mr. President,** will the Senator yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. I call to the attention of the Senator from Louisiana page 22 where there is this statement:

Ethiopia, Libya, and Morocco all provide sites for important U.S. military facilities.

What does the Senator wish us to do? This is a public document. It is available for all to see. There is no attempt to hide it. It is right there in the printed record.

Mr. ELLENDER. There is nothing in the record to show how the money is specifically being used. Of course, we all know we have bases there.

I have pointed this out because during recent weeks, I, as a member of the Subcommittee on Defense of the Senate Appropriations Committee, have had an opportunity to listen to officials of the U.S. Navy endeavor to justify a new attack carrier, and here, in effect, is what our Navy had to say about our overseas bases:

The Navy stated that our vast overseas bases are becoming increasingly less effective. The Navy claims they are sitting ducks for guided missiles, because they can be zeroed in with great precision by the enemy. In addition, they are also vulnerable to adverse political action in the countries in which they are located. The Navy pointed out, for example, that our bases in Morocco are in jeopardy right now and it looks as though it will only be a question of time before we will have to vacate this vast and expensive complex.

Mr. President, if the Navy argument has any merit whatsoever, and I believe it has, I strongly urge that Senators make a start toward reducing the cost of operating these so-called vulnerable bases by cutting the funds requested for special assistance.

Now, there is another little item in this bill which, to my way of thinking, invites a reduction in the amount for special assistance.

Just a few days ago the Senate considered the fiscal 1960 Department of Commerce appropriation bill, including funds to subsidize the operation of our merchant marine. As Senators well know, this subsidy is made necessary because of foreign competition. It is provided in order to equate costs between American vessels and their foreign competitors.

The Senator from Delaware [Mr. WILLIAMS] offered an amendment to reduce the amount of subsidy to the merchant marine. Fortunately, his amendment failed.

But, today, I want to offer him and others to vote again on substantially the same issue, and this time I want to assure them I will vote with them.

On page 23 of the committee report is found language indicating that part of the proposed fiscal 1960 special assistance program will be used to subsidize the Indonesian merchant marine, specifically, to help pay for training facilities of the Merchant Marine Academy, provide on-the-job training for ships' officers, and so forth.

I notice that since the committee's report was prepared and submitted to the Senate there has been a change in the Government of Indonesia. Sukarno is still President, but, according to newspaper accounts, he has abolished the country's legislature, and he is presently acting, more or less, as a dictator.

Mr. President, my amendment would go a long way toward eliminating this subsidy to the Indonesian merchant marine, and I indeed hope that all the Senators who voted in favor of the amendment to the Commerce appropriation bill to reduce the subsidy to our own merchant marine will be consistent and vote for the amendment I have offered. I am sure that if they do they will be joined by quite a few Senators who refused to vote with them previously.

I also recommend that those Senators who were so strongly in favor of a price-support limitation on the recent wheat bill will come forward on this vote. This is a golden opportunity to eliminate subsidies.

I think that if it is the purpose of the Congress to reduce subsidies at home, we could certainly afford to apply that same philosophy abroad.

Mr. President, I would also like to point out to the Senate that, although the special assistance funds authorized in this bill are programed for certain countries and purposes, the President is actually able to obtain funds for these purposes from other authorizations.

As I pointed out yesterday, the Committee on Foreign Relations has included in the bill a provision which gives the President the right to transfer 30 percent of total military aid funds, which under the bill, as amended, amounts to \$390 million, and use that amount wherever he desires. In light of this fact, I submit there is no reason for us to provide additional funds.

Mr. President, I am unable to reveal the amounts of money programed for the various countries, nor am I able to mention the purposes for which these funds will be used. This information is marked "secret" and may not be published. The taxpayers of our country, who are the suppliers of these funds, are not permitted to know how this money will be spent nor where it will be spent.

Mr. President, I hope that the amendment will be agreed to.

Mr. FULBRIGHT. Mr. President, I yield myself 5 minutes.

The part of the bill under discussion is one of its most important parts. I shall not read the whole report, but I think the report's statement on this subject, which begins on page 21 and runs for the next 2½ pages, nearly 3 pages in all, outlines very clearly and exactly the program. I shall not take the time of the Senate to read all of it.

I make one or two comments. First, it will be observed that the Senator is offering an amendment to reduce the amount more than half. The committee had already reduced this item 10 percent from the request of the administration. The Senator is now seeking to reduce the amount further by more than 50 percent. He wishes to reduce it to \$100 million.

Some of the most worthy activities covered in the bill are included under this item, and they are listed particularly on page 22.

I believe the resolution of the Senator from Louisiana expressing esteem to the people of Somalia would not be very effective because it is my understanding that less than 5 percent of the population can read. I would advise him to take a better way of expressing his interest in that country. It is one of the most primitive countries in Africa, and, while it is true that one could have a different view as to whether we should do anything at all about the country, still it lies in a rather strategic position in the African continent and I think the administration makes a pretty fair case for showing some interest in helping it in a very modest way.

The Senator from Louisiana has said, in respect to Jordan, that we are picking up where the British pulled out. The British did not pull out. They were thrown out of Jordan, and we were confronted with a decision whether we would go in or let the country go down the drain. We had a view of what happened in Iraq to indicate to us what would occur in Jordan. It would go under the domination of the Communists.

What the Senator overlooks is the tremendous interest of this country, specifically the citizens of this country, and in addition all the Western world, in the Middle East. There is a tremendous stake in the oil resources of that area, which are now estimated to represent more than three-quarters of all the known reserves of petroleum in the world.

Our country owns a large share. Other people in Western Europe have a very great stake. If the Senator wishes that we relinquish that country and let it revert to nature or to the Russians, I think the necessary consequence of what he is advising would be withdrawal from the area.

The Senator has a curious idea about our payments to such countries as I mentioned a moment ago—Morocco, Libya, and Ethiopia. He says we are paying tribute to them. When the Senator leases one of the rich and productive farms in the delta of which he is very proudly the owner, and when the lessees pay rent to him, I wonder if he considers it tribute, the lessees pay him. When one utilizes someone else's land to grow potatoes, cotton, or to use it for business, I think it is customary for some compensation to be paid.

I do not know why he should be so critical of the payments made to countries in which we have bases. I submit there is certainly no concealment about the whole matter. The facts are very clearly stated. Yet the Senator objects.

He objects to subsidies to Indonesia's merchant marine. What is that item? I think it is a worthwhile item. Its purpose is to raise the level of competence of ships' officers urgently needed to replace departed foreigners in interisland trade by improving the training facilities of the Merchant Marine Academy to provide on-the-ship training.

As everyone knows, the United States had much to do with the formation of the Republic of Indonesia. I myself sometimes think we were premature in our actions in Indonesia. But there is no use going back and rehashing the mistakes, if they were mistakes, and the actions of the past. The fact is that the United States played quite a part in bringing independence to Indonesia—independence from the Dutch.

When the Dutch pulled out, they had many trained seamen in that area. Those men operated the ships, just as other trained men ran most of the communications and industry.

There is a great lack of trained seamen. One of our endeavors is to help Indonesia train more seamen. If we are going to do anything at all to assist Indonesia, I think that is one of the essential needs, considering the nature of the country.

I do not know that there is much I can add. The issue is plain. The purpose of the money is set forth clearly. I cannot improve upon the statement in the committee report.

If the Senator from Louisiana is willing to yield back the remainder of his time, I am willing to yield back the time remaining to me and ask for a vote on the amendment.

THE PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. MORSE. Mr. President, a parliamentary inquiry.

THE PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. I desire to offer an amendment in the nature of a substitute for the amendment of the Senator from Louisiana. Would I be in order to offer it after the Senator from Louisiana and the Senator from Arkansas have used their time on the amendment of the Senator from Louisiana?

THE PRESIDING OFFICER (Mr. ENGLE in the chair). According to the practice of the Senate, an amendment to an amendment is not in order until after all the time on both sides has either expired or has been yielded back.

Mr. MORSE. I simply serve notice that that is what I propose to do.

Mr. ELLENDER. Mr. President, I was somewhat amused to hear the Senator from Arkansas compare the rents which I receive from my small family farm with the rentals we pay for foreign leases out of special assistance funds. It is true that I receive about \$100 a month for the rental of 400 or 500 acres. Does this amount compare with the \$30 million of special assistance we furnished Morocco in fiscal year 1958, and the much greater amount we will furnish in fiscal year 1960?

When our bases were built in Morocco and Tunisia, we entered into certain agreements with France. As soon as the French pulled out of these countries, the agreements were abrogated. It is no secret, I am sure, that the United States was called upon to pay tribute to the rulers in those countries in order to keep our bases there. I wish I could furnish the Senate with the precise amounts contained in the pres-

ent bill, but unfortunately as I pointed out previously the amounts are classified. However, I can tell Senators that the rent is increasing from year to year, and it is considerably in excess of the \$100 a month rent I receive for my family farm. How long can we continue this folly?

In addition to the rentals paid to the rulers of these countries, our soldiers stationed there are spending thousands of dollars which of course, aids the economies of these countries.

I previously pointed out, whenever the French, the British, or the Italians withdraw from a country, the United States steps into the gap to take charge, and help out with dollars, which because of our present financial condition, we are forced to borrow on the open market.

Mr. President, even in instances where our Western European Allies do not completely withdraw from a country, we are being asked to go in and restore an economy that has been exploited by these European countries.

As I pointed out in my report on Latin America filed with the Senate Appropriations Committee this year, British Guiana, for example, has been a British possession for many years. Because of economic difficulties, aid has been requested from us instead of the British. Our administrators in that area have presented the case to the State Department, and we have cheerfully furnished financial assistance to this country.

The sad thing about the situation in British Guiana is that 2 English families who live there control the entire economy of the country. But notwithstanding this fact, the United States is called upon to pull the chestnuts of the British out of the fire.

The same is true of the island of Trinidad. Trinidad has been a British colony for many years. Yet the United States is once again being called upon to assist the local people, when that ought to be done by the British.

I hope the amendment I have introduced will be adopted. I yield back the remainder of my time.

Mr. FULBRIGHT. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. MORSE. Mr. President, I offer an amendment in the nature of a substitute for the Ellender amendment to the committee amendment.

The PRESIDING OFFICER. The amendment to the amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 19, line 9, it is proposed to strike out "\$244,620,000" and insert in lieu thereof "\$200,000,000."

Mr. MORSE. Mr. President, I wish to do two things in my discussion of the amendment. I want to present my argument about the amendment, and I want to explain why I am not offering my amendments E and H, which are at the desk.

The Senator from Montana [Mr. MANSFIELD] exercised the lead in our committee when he proposed that we should begin to taper off these particular appropriations. I point out that the

committee reported to the Senate, over the objection of some of us, an item of \$244,620,000 for special assistance. That is an increase over the amount provided in 1959.

The 1959 authorization was for \$202,500,000. The 1959 appropriation was for \$200 million. What the committee has done has been to report to the Senate an amendment larger than was either authorized or appropriated in 1959. There was no justification made before the committee for an increase. Furthermore, we need to keep in mind that in cases of real emergency the President has transfer powers in connection with his contingency fund. So there is no argument which can be made that if a great Middle East crisis should develop, we will not have the funds. There will be sufficient funds provided in the \$200 million I am proposing, certainly for the President to start the program.

Then he can make a further request of the Congress, if, as a result of the development of an emergency, he finds he needs more.

But it is my judgment that the \$44 million item was placed in the bill and was supported by at least some of the committee members in view of the possibility that a proposal to cut the item back to the amount of the present one might be made.

My amendment in the nature of a substitute will do just that. I am proposing that the amount be cut back to the amount of the present appropriation item, because, I respectfully submit, nothing in the hearings supports or justifies an increase of \$44,620,000 over the appropriation for this year or an increase, in round numbers, of approximately \$42 million over the authorization item for this year.

So I am proposing—and I think my proposal is fair and reasonable—that we provide, in round numbers, for the figure provided for this year. I am proposing the present figure, namely, \$200 million, rather than the \$244,620,000.

I shall ask that a yea-and-nay vote be had on my substitute amendment, following a quorum call, unless the chairman of the committee sees fit to agree to take my substitute amendment to conference. I hope he will do so, because my substitute amendment is a very reasonable and fair one, and is in line with the amount allowed this year.

Mr. President, in the few minutes remaining I wish to explain for the RECORD why I shall not offer my amendments E and H, which are at the desk. Those amendments would reduce by \$400 million the funds for the foreign aid program, as called for by the bill as reported by the Foreign Relations Committee. Those amendments would make that cut by reducing the amount for military aid by \$200 million and by reducing the combined amount for defense support and special assistance by \$200 million.

The purpose of my amendment H has already been achieved by the adoption, on yesterday, of the amendment of the Senator from Louisiana [Mr. ELLENDER], which I supported, for which I voted, and which reduced the item for military aid even more than the reduction pro-

posed by means of my amendment H. The amendment of the Senator from Louisiana reduced it by \$100 million more than my amendment would have done, for my amendment proposed to reduce it only by \$200 million.

Then the amendment of the Senator from Idaho [Mr. CHURCH], in regard to the defense support item, covers at least the subject matter of my amendment in regard to defense support.

So I shall not offer either of those amendments.

Mr. President, my amendments, 6-30-59—E and H, reduce by \$400 million the funds for the foreign aid program in the bill reported by the Foreign Relations Committee. They make that cut by reducing military aid by \$200 million, and combined defense support and special assistance by \$200 million. The purpose of my amendment H has already been achieved by the adoption of Senator ELLENDER's amendment, for which I voted reducing military aid by \$300 million. So I shall not call up my amendment H.

As we know, the "defense support" category provides financial grants for those nations having mutual defense agreements with the United States, for the support of themselves and their military establishments. Special assistance is largely the same, except that it goes to nations not having any mutual defense agreement with the United States. It is grant aid extended at the discretion of the President to non-mutual defense treaty countries he thinks need or deserve some American grant aid for one reason of American interest or another.

Under my amendment E, the total of grant aid for defense support, including special assistance, would be reduced from \$1,079,620,000 to \$879,620,000.

The President would apportion the cut of \$200 million between the defense support title and the special assistance title.

I am aware that we included in the committee bill a statement of direction to the President to prepare a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance, whereby such grant assistance shall be progressively reduced and eliminated. I favored that amendment in committee, but only after the original version of it offered by the Senator from Montana, Mr. MANSFIELD, terminating such aid within 3 years, had been rejected. His proposal has also been rejected by the Senate.

Calling for specific country-by-country plans for terminating grant aid is desirable, but I think we should reinforce that directive with a reduction this year in the amount authorized for economic grants. I call attention to the fact that the sum for special assistance has in fact been increased this year over last year. For fiscal 1959, \$202,500,000 was authorized; in the committee bill before us now, \$244,620,000 is proposed to be authorized, an increase of \$42,120,000. Some money was taken by the administration from the contingency fund last year to be spent under this title, and so,

we were told, about \$272 million is currently being spent under special assistance. But, as one learns to expect, no corresponding decrease was requested for the contingency fund. That request was higher, too, than was spent last year. Last year, we provided \$155 million for the contingency fund; \$200 million was requested, and the committee authorized \$180 million. In my opinion, it is time Congress put a stop to this juggling, always upward, of foreign aid grants.

And the authorization for defense support is increased this year, too, over last year, rising from the \$810 million of last year to \$835 million in the pending bill. That is an increase of \$25 million.

So of the \$200 million I am proposing to cut from these two titles, \$67 million of it is only a reduction back to the current level.

The great bulk of this grant aid goes to countries in Asia which are described again and again as being economically "unviable." This is a word which means they cannot support themselves.

But in that same area of the world we are also seeing a decline in democracy, and a rise in strong-arm rule. Some will say that it was unrealistic to expect that the new nations of Asia could spring full-grown into democracies; that parliamentary government is a sophisticated form which takes experience to operate; that a period of autocracy in some form, perhaps run by the army, must be expected to precede democracy in a nation which has only recently emerged from colonialism.

Whether that argument is realistic or not I shall not debate here, although I do not give much credence to it myself. Nonetheless, our economic grant aid program is going largely to these autocracies. In some, like Formosa and Korea, the possibility that they will ever emerge from one-man rule is glimmering rapidly. What we are doing, in other words, is pouring American money into the coffers of potential dictators, men who have either suspended the rights of their fellow countrymen or who have repealed them entirely.

These are not loan dollars; they are not for specific projects which American administrators have good reason to believe will prove to be of benefit to the people of the recipient nation. They are gifts to the ruling clique, and I am convinced that by continuing them unabated, we are running the same risk we ran in Latin America when we supported the Fascist regime of Batista.

By the adoption of this amendment we would serve notice upon the administration that we mean business when we ask that it submit definite plans for the ending of grant aid.

Mr. President, I say to the Senate, as a member of the Foreign Relations Committee, that my pending substitute amendment is fair and reasonable. It will cut only to the amount presently allowed, in round numbers. It will cut the authorization to \$200 million. As I have said, the authorization in 1959 was \$202,500,000; but the appropriation was \$200 million.

I have every reason to believe that if my substitute amendment is adopted and

if we hold to the 1959 amount, the Appropriations Committee will appreciate it and undoubtedly will be more inclined to continue the same amount that it granted last year.

I should like to ask the chairman of the committee whether he will be willing to take my amendment to conference.

Mr. FULBRIGHT. Mr. President, I regret that I am not able to agree to take to conference the substitute amendment of the Senator from Oregon. The committee considered this matter. The request has already been cut 10 percent. This is an extremely important item of the bill.

The Senator from Oregon says the amount should be the same as the amount of last year. But I do not find the same sentiment in regard to many other bills which have been brought before the Senate, because many things are now much more expensive than they were.

So I do not believe the committee should take the amendment to conference. If the Senate wishes to vote the amendment into the bill, that will be the responsibility of the Senate.

Mr. MORSE. When the Senator from Arkansas talks about a 10 percent cut, he talks about a 10 percent cut in the recommendation by the State Department or by the administration. But that involved far more than we provided in 1959.

I think the chairman of the committee is also aware of the growing sentiment in the committee, as explained by the Senator from Montana [Mr. MANSFIELD] during our work in marking up the bill—namely, that we should provide for a tapering off of the program, and that certainly we should not provide for more than we have recently provided for. In fact, the Senator from Montana has spoken in the Senate about wanting to stop the program 3 years hence. I do not go along with that proposal; I think there will have to be such a program in the years to come. But I do not believe that in the future the need will come anywhere near the \$200 million I am now proposing.

Mr. President, I believe I had an understanding that a ye-a-and-nay vote would be taken on each of my amendments. So at this time I suggest the absence of a quorum, and request that the time used in calling the roll not be charged to the time available under the unanimous-consent agreement.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon?

Mr. FULBRIGHT. Mr. President, I must object to the request for unanimous consent that the time required for the quorum call not be charged to the time available under the agreement. However, I am perfectly willing to have the time for the quorum call taken out of the time under my control. I simply do not wish to have quorum calls go on all afternoon, and thus prevent us from reaching a vote on the bill. But I am perfectly willing to have the time for a quorum call at this time charged to the time under my control.

The PRESIDING OFFICER. Let the Chair advise the Senator from Oregon

that in order for him to suggest the absence of a quorum at this time, it will be necessary for him to yield back the remainder of the time available to him, unless unanimous consent is given.

Mr. FULBRIGHT. Mr. President, I do not wish to oppose quorum calls prior to the votes. Neither shall I oppose the request for a ye-a-and-nay vote. I shall support the request of the Senator from Oregon for a ye-a-and-nay vote.

I am simply trying to protect some limitation on the debate, so it will not drag on forever. I want the bill to be brought to a vote. I am perfectly willing to have the time for a quorum call taken out of the time under my control.

Mr. MORSE. Mr. President, I wish to cooperate with the chairman of the committee. After a quorum call is had, and after a quorum is present, I should like to have only a few minutes in which to summarize briefly the purpose of my substitute amendment.

Mr. FULBRIGHT. I think the Senator from Oregon is entitled to that, Mr. President, although I do not know how we can insure that a quorum of the Senate will be present then.

Mr. MORSE. If the Senator from Arkansas will withdraw his objection to my request for unanimous consent to have a quorum call at this time, I shall ask that the order for the call of the roll be rescinded as soon as enough Members are present.

Mr. FULBRIGHT. Mr. President, I do not object to having a quorum call at this time. I only object to any procedure which would result in unduly prolonging the proceedings and unduly delaying the taking of a final vote on the pending measure.

I shall yield 5 minutes of the time available to me, for the purpose requested by the Senator from Oregon.

Mr. MORSE. I do not think I should be deprived of a full attendance of Senators when I speak prior to the taking of the vote.

Mr. FULBRIGHT. I do not wish the Senator from Oregon to be so deprived. I merely do not wish to yield for an endless succession of quorum calls. I wish the Senate to vote finally on this measure.

The PRESIDING OFFICER. Before a quorum call can be had at this time, it will be necessary for the remaining time on the substitute amendment to the committee amendment to be yielded back.

Mr. MORSE. Then, Mr. President, I yield back the remainder of the time under my control.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of the time under my control.

I now suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER [Mr. ENGLE in the chair]. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. MORSE. I thank the chairman of the committee for his cooperation.

Mr. President, I ask unanimous consent that I be allowed 2 minutes to summarize briefly the amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MORSE. All I want to say is that this is a very modest amendment, which is in line with the approach the Senator from Montana [Mr. MANSFIELD] proposes to make to the whole matter of special assistance and economic aid. We should start tapering off such spending. We should work to the time when we can dispose of it entirely. My amendment proposes to cut the figure back some \$44 million, to \$200 million, which was the amount appropriated in 1959. I am asking only that we go to the 1959 figure, which is much less of a cut than that contained in the proposal of the Senator from Louisiana, for which I offer this amendment as a substitute. The Senator from Louisiana would cut the item by \$144 million, in round figures. I am asking for a cut of \$44 million, in round figures, which would leave the figure at the amount which was appropriated in 1959.

I think we owe it to the countries receiving such aid to serve them with this kind of notice that we are trying to work toward a tapering off of the aid and are looking to them to increase their own contributions to their burdens and responsibilities, and do more for themselves than they have been doing.

Mr. President, I yield back the time remaining to me.

Mr. DIRKSEN. Mr. President, I yield myself 3 minutes on the bill.

I hope neither one of the amendments will prevail. As I understand, the Senator from Louisiana proposes to cut special assistance by \$144 million. The Senator from Oregon offers a substitute to cut such assistance by \$44 million. There is involved actually a sheaf of programs, 21 in number, and perhaps more. Some are elastic. It would be difficult to reduce some. The programs include malaria control, assistance for Berlin and Israel, American-sponsored schools. I am informed 20 percent of the money is for loans—

Mr. FULBRIGHT. If the Senator will yield, there is nothing provided for Israel in that item. The other items which the Senator mentioned are correct.

Mr. DIRKSEN. I think Jordan is involved. Berlin is involved. Some of the bases we have abroad are involved.

Suppose we did not spend all the money provided last year. I do not think a program should be tapered off to the point where we try to develop the exact amount of money used last year as a format for what may happen in the period ahead.

We face a critical situation in Berlin. The world situation is feverish. I do not think it is prudent or wise to cut the authorization so fine that officials will have to come to Congress in an emergency situation and ask for more funds or try to obtain them from some other source.

If the programs are not to be used, if it is not necessary to spend the money, obviously it will stay in the fund; but if the need arises, and it could arise, then, without further action on the part of Congress, the President will be in a position to operate with his special assistance fund.

For the reasons I have stated, I trust the substitute and the amendment will be voted down.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE] as a substitute for the amendment offered by the Senator from Louisiana [Mr. ELLENDER] to the committee amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. GORE], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from Michigan [Mr. McNAMARA] are absent on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Michigan [Mr. McNAMARA]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Michigan would vote "nay."

I further announce that if present and voting, the Senator from Minnesota [Mr. MCCARTHY] would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Jersey [Mr. CASE] is absent by leave of the Senate because of a death in his family, and if present and voting, would vote "nay."

The result was announced—yeas 40, nays 51, as follows:

YEAS—40

Bible	Hart	Proxmire
Byrd, Va.	Hartke	Robertson
Byrd, W. Va.	Hruska	Russell
Cannon	Johnston, S.C.	Schoeppel
Curtis	Jordan	Smathers
Douglas	Kerr	Sparkman
Dworshak	Langer	Stennis
Eastland	McGee	Talmadge
Ellender	Magnuson	Thurmond
Engle	Mansfield	Williams, Del.
Ervin	Morse	Yarborough
Frear	Moss	Young, N. Dak.
Goldwater	Mundt	
Gruening	Murray	

NAYS—51

Aiken	Dirksen	Lausche
Allott	Dodd	McClellan
Bartlett	Fulbright	Martin
Beall	Green	Monroney
Bennett	Hayden	Morton
Bridges	Hennings	Muskie
Bush	Hickenlooper	Neuberger
Butler	Hill	Pastore
Capehart	Holland	Prouty
Carlson	Humphrey	Randolph
Carroll	Jackson	Saltonstall
Case, S. Dak.	Javits	Scott
Chavez	Johnson, Tex.	Smith
Church	Keating	Symington
Clark	Kefauver	Wiley
Cooper	Kennedy	Williams, N.J.
Cotton	Kuchel	Young, Ohio

NOT VOTING—7

Anderson	Long	McNamara
Case, N.J.	McCarthy	O'Mahoney
Gore		

So Mr. MORSE's amendment in the nature of a substitute for Mr. ELLENDER's amendment to the committee amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. DIRKSEN. I move to lay the motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER]. (Putting the question.)

Mr. ELLENDER. Mr. President, I ask for a division.

On a division Mr. ELLENDER's amendment to the committee amendment was rejected.

VISIT TO THE SENATE OF DR. HOSSEIN PIRNIA, MEMBER OF THE PARLIAMENT OF IRAN

Mr. HARTKE. Mr. President, I should like to introduce to the Senate Dr. Hossein Pirnia, a Member of the Parliament of Iran. He is also a professor of economics at Iran University. He studied at Columbia University in New York City for 3 years. The country which he represents is one friendly to the United States, and joins with us in seeking world peace. [Applause.]

The PRESIDING OFFICER (Mr. ENGLE in the chair). The Senate is glad to welcome Dr. Pirnia, a Member of the Parliament of a great member of the community of nations.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. ELLENDER. Mr. President, I call up my amendment designated "7-1-59-S" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 23, line 14, it is proposed to strike out "\$180,000,000" and insert in lieu thereof "\$100,000,000."

Mr. ELLENDER. Mr. President, on this amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that on this amendment there be a limitation of 15 minutes, the time to be divided equally between the Senator from Louisiana [Mr. ELLENDER] and the chairman of the committee.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ELLENDER. Mr. President, this amendment would reduce the contingency fund by \$80 million. The contingency fund is more or less unrestricted in its use. As a matter of fact, of the proposed authorization of \$180 million,

a total of \$100 million can be spent by the President, without regard to the requirements of the Mutual Security Act.

Furthermore, up to \$50 million can be available on an unvouchered basis—that is, without any practical requirement that its use be accounted for.

Even as to money in the contingency fund which would still be subject to Mutual Security Act requirements, the bill provides that these requirements can be waived by the President, as to an amount not to exceed \$150 million.

I have sought in the past to reduce this fund on the basis that it is excessive and not needed. Each time I do, there is a hue and cry from foreign-aid proponents. They say that this item is urgently necessary if the President is to cope with the various crises throughout the world.

At this point, let us deal with facts instead of fancy.

Last year, we appropriated for the contingency fund a total of \$155 million. Of this amount, only \$107 million was actually obligated, and assigned to programs. Forty-eight million dollars remains in the undistributed reserve at present. Thus, Congress gave the President almost one-third too much for this purpose.

On page 43 of the committee report, we find a statement which would lead Senators to believe that the contingency fund is needed in order to permit the President to cope with unforeseeable crises which may arise throughout the world.

The report states:

There may be a recurrence of events such as the Middle East crisis of the summer of 1958, or the Taiwan Straits crisis of the autumn of that year.

This would lead Senators to believe that the money from the contingency fund was actually used to help defray the costs occasioned by the Lebanon crisis and the Red Chinese attack on the offshore islands in the Formosa Straits.

Mr. President, I have before me a table taken from the fiscal 1960 justification book submitted by ICA in conjunction with the proposed mutual security program. This table shows that not one thin dime of the contingency fund was used in the Formosa Straits. Not a copper cent was spent in Lebanon.

Mr. President, I wish to be fair. Senators may note that an obligation is quoted in this table of an amount—still secret—for Jordan.

Mr. President, during the Middle East crisis no American troops were sent to Jordan. Our marines landed in Lebanon. What, then, were we doing spending money in Jordan as a result of the Middle East crisis?

Let me tell Senators that the money earmarked for use in that country as a result of the 1958 crisis in the Middle East went principally to support British effort in that country.

I have already pointed out what we are doing for the United Kingdom and our other so-called allies in the way of direct military assistance to NATO. I have already mentioned the fact that under "special assistance" we are pick-

ing up the burdens laid down by our Western European allies as they remove themselves from a number of countries in which they once maintained an interest. Here is another example of big-hearted Uncle Sam spending borrowed tax dollars in order to subsidize the United Kingdom, a country which is well able to stand on its own feet.

Mr. President, I indeed hope that Senators will join me in voting for the reductions I have proposed in the fiscal 1960 version of this Presidential slush fund.

Mr. FULBRIGHT. Mr. President, the committee cut this item by 10 percent. The executive branch asked for \$200 million. The Senator from Louisiana has already mentioned some of the items included in this category of aid. In the current year—1959—the money was spent primarily in such places as Turkey, Greece, and Sudan. A part of it was used to pay for the Moscow exhibit. Some of it was spent in Bolivia. Three million dollars were spent for American schools abroad.

As the name of the fund indicates, uses of the money cannot be scheduled and identified in advance. The funds are for the President to use to meet unexpected developments of any kind. Their use is discretionary with the President. To that extent, I suppose, some persons might object to it.

I think it is a necessary item in this kind of bill and any President ought to have some discretionary funds to be used to meet emergencies, because time may not permit him to come back to Congress, and he obviously cannot tell in advance when emergencies will arise.

I hope the Senate will not accept the amendment. I yield back the remainder of my time.

Mr. ELLENDER. Mr. President, I would like to reiterate that the amount which will be provided for the contingency fund if my amendment is adopted would give the President approximately \$40 million more than he spent last year. In addition, the President has authority under the bill to transfer 30 percent of the military assistance funds. Thus, the President will be amply supplied with funds to meet contingencies.

I yield back the remainder of my time.

Mr. MORSE. Mr. President, I offer an amendment in the nature of a substitute for the Ellender amendment.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 23, line 14, it is proposed to strike out "\$180 million" and insert in lieu thereof "\$75 million."

Mr. MORSE. Mr. President, I propose to withdraw my amendment after I have made a brief statement. This is an amendment which I had planned to offer until I learned of the amendment offered by the Senator from Louisiana. I have decided to support his amendment in lieu of my own. But I wish to reinforce his argument. That is why I have offered my amendment.

My amendment reduces the President's contingency fund from the \$200 million requested by the Bureau of the

Budget, and from the \$180 million approved by the committee, to \$75 million, as compared with the \$100 million proposed in the amendment offered by the Senator from Louisiana.

As the Senator from Louisiana has pointed out, the President has transfer authority. He can transfer up to 30 percent of military aid funds in the case of any contingency.

Under the Ellender amendment, without any need to transfer, the President will have \$100 million, which is plenty of money with which to start, at least, to meet any contingency which could possibly arise. But, in addition, the President has transfer authority.

Of course, if any real emergency arose, an emergency which required any considerable amount of contingency funds, every Senator knows what would happen. Congress would be called into session, and the President would be before us, as he should be, asking for funds with which to meet the emergency.

That leads me to my final point. I am perfectly willing to give the President of the United States reasonable contingency funds to meet immediately some emergency. The \$100 million proposed in the amendment of the Senator from Louisiana, or even my proposed \$75 million, would be sufficient for that purpose.

But for 15 years in this body I have raised my voice in warning about giving administrators of Government, I care not who they are, including the President of the United States, unchecked powers, wide discretionary powers.

It may be said that we can provide that the President must come to Congress and report to us afterward. But the fat will be in the fire then. It is so important in these troublous times, no matter who the President of the United States is, that we maintain a close check on the Presidency of the United States, and that we not give to the President unchecked power, as would be represented by the \$180 million which the committee recommends.

So, in keeping with our system of constitutional checks, I respectfully submit that the \$100 million proposed in the Ellender amendment is certainly sufficient. Furthermore, the money heretofore appropriated has not all been used. That demonstrates that there is no need to enlarge that amount of money this year.

Mr. President, I hope the amendment of the Senator from Louisiana [Mr. ELLENDER] will be agreed to.

I withdraw my amendment.

The PRESIDING OFFICER. The substitute amendment submitted by the Senator from Oregon has been withdrawn.

Mr. FULBRIGHT. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 5 minutes.

Mr. FULBRIGHT. I am informed by the staff that the figures in regard to the use of this money are in error; as of June 30, 1959, all of the contingent fund for the fiscal year 1959 has been used, except \$6,000. I am also informed that \$12 million more has been used in Leba-

non and over \$3 million more in Taiwan. These figures are more recent ones, which a member of the staff informs me he has obtained since the statement used by the Senator from Louisiana was printed.

I also wish to say for the RECORD that on page 24 of the committee amendment Senators will find, at the top of the page, that the transferability of funds from the military assistance is only for titles III and IV, which do not include the contingency fund. So the transferability provision is not wide open to any use at all, but only as regards those two titles.

Mr. President, I do not know that there is much more that I can say about the contingency fund that I have not already said in connection with the previous amendment.

I hope the Senate will not adopt the pending amendment.

Mr. ELLENDER. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. ELLENDER. The figures I used were obtained from justifications filed by the International Cooperation Administration with the Senate Appropriations Committee, 2 or 3 months ago. I wonder what contingencies have arisen during this period which made it necessary for this great amount of money to be expended.

Mr. FULBRIGHT. I have the information which I just stated—namely, that which the staff obtained a few minutes ago and which bring up to date the figures received 2 or 3 months ago.

Mr. MORSE. Mr. President, will the Senator from Arkansas yield 1 minute to me?

Mr. FULBRIGHT. I yield.

Mr. MORSE. I wish to point out that the transferability power still provided in the committee amendment gives the President great authority to transfer funds. I do not think any President would have any difficulty in making transfers under that transferability clause, in order to meet any contingency which could possibly arise.

Furthermore, it is interesting to note that funds were used in connection with Lebanon, in regard to the secret agreement into which the President entered with Chamoun, an agreement which not even the members of the Foreign Relations Committee knew about at the time. That illustrates my point that the President should be required to submit such requests to the Congress, before he uses the taxpayers' money in the way he used it in connection with Lebanon.

Mr. DIRKSEN. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 2 minutes.

Mr. DIRKSEN. Mr. President, as I understand, the President requested \$200 million for the contingency fund.

Mr. FULBRIGHT. That is correct.

Mr. DIRKSEN. I understand that the committee has proposed a cut in that amount from \$200 million to \$180 million.

Mr. FULBRIGHT. That is correct.

Mr. DIRKSEN. I also understand that the Senator from Louisiana [Mr.

ELLENDER] has proposed that the amount be cut from \$180 million to \$100 million.

Mr. FULBRIGHT. That was what was proposed by means of his amendment to the committee amendment.

The Senator from Oregon proposed that the cut be made to \$75 million.

Mr. DIRKSEN. But the Senator from Oregon withdrew that amendment.

Mr. FULBRIGHT. Yes, he did.

Mr. DIRKSEN. So the pending amendment of the Senator from Louisiana to the committee amendment is to cut the amount to \$100 million.

Mr. FULBRIGHT. That is correct.

Mr. DIRKSEN. As I understand, this fund is used for contingencies which simply cannot be foreseen.

Mr. FULBRIGHT. That is correct.

Mr. DIRKSEN. Who can know when such a situation will develop in the Matsus or in Quemoy? Who knew in advance that the Lebanon situation would develop?

The provision made last year was meaningless, because we could not tell what conditions which might arise in this uncertain world would require such action by the President.

Furthermore, how can the President request of the committee certain amounts for certain purposes when the money is to be used for unforeseen contingencies?

Furthermore, Mr. President, if the unforeseen contingencies do not develop, the money will remain in the fund, and will not be spent.

This provision is in the nature of an insurance policy. The proposal to cut the amount back so sharply should be defeated.

Furthermore, I understand that the \$100 million could be used for the security of the Nation, quite aside from any limitations which might be provided in the Mutual Security Act. So this item is directly in line with our concern for the security of the Nation; and the fund should not be cut, because it will not be expended if its expenditure is not required.

Mr. KEATING. Mr. President, will the distinguished Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. KEATING. Would not the Senator from Illinois agree that in view of the increasingly troubled state of affairs in the world, this contingency fund, which gives the President some flexibility of operations, is one of the most important parts of the pending measure, and is one which we might well envision providing more money for? If we can make cuts in other areas, that will be fine. But in this field, where flexibility is so important, and in view of the fact that world conditions are changing all the time, it seems to me it would be most unwise for us to interfere with the provision voted by the committee, which already calls for a cut.

Mr. DIRKSEN. The Senator from New York is correct.

Certainly this fund will be a better weapon in the hands of the President if it is not too greatly limited.

Mr. CHURCH. Mr. President, I submit, as a substitute for the amendment

submitted by the Senator from Louisiana [Mr. ELLENDER], a proposed cut in the contingency fund from the \$180 million approved by the committee, and presently provided in the committee amendment, to \$150 million, instead of to \$100 million, as proposed by means of the pending amendment of the Senator from Louisiana.

The PRESIDING OFFICER. The amendment in the nature of a substitute will be stated.

The CHIEF CLERK. On page 23, in line 14, it is proposed to strike out "\$180 million", and to insert in lieu thereof "\$150 million."

Mr. ELLENDER. Mr. President, I accept the modification of my amendment proposed by the distinguished Senator from Idaho, for the reason stated a moment ago by the distinguished Senator from Arkansas [Mr. FULBRIGHT].

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. CHURCH. I yield for this purpose; and I ask unanimous consent that the Senator from Louisiana be permitted to modify his amendment by means of the substitute I have submitted.

The PRESIDING OFFICER. The Chair suggests that such a unanimous-consent request be withheld, inasmuch as the Senator from Louisiana wishes to speak.

The Senator from Idaho has yielded to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, my reason for accepting the suggestion made by the Senator from Idaho is that a few moments ago the Senator from Arkansas [Mr. FULBRIGHT] revealed that more recent figures as to expenditures in the President's contingency fund during fiscal 1959 had been furnished him, and that these figures indicate that most of the undistributed reserve of the fund has now been dissipated. Therefore, I am willing to reduce the amount I seek to delete from the contingency fund.

As the Senator from Oregon just pointed out, it strikes me that since the President has transfer authority under the provisions of the committee amendment if unforeseen emergencies arise, he could readily use some of those funds, in addition to the \$150 million, which would be provided by the pending amendment, as thus modified.

Mr. President, I ask that the amendment, as modified, be agreed to.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Louisiana?

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. The yeas and nays have been ordered on the original amendment of the Senator from Louisiana. Does the acceptance of the amendment by the Senator from Louisiana obviate a requirement that the roll be called?

The PRESIDING OFFICER. The Chair will state that is the reason why

the Senator from Louisiana was required to have unanimous consent in order to modify his amendment. The unanimous-consent request before the Senate is, Is there objection to the Senator from Louisiana accepting the modification proposed by the Senator from Idaho to the amendment offered by the Senator from Louisiana. Is there objection?

Mr. DOUGLAS. Mr. President, reserving the right to object, and I do not know that I shall object, I still have not received an answer to my inquiry. What is the status of the original order for the yeas and nays on the Ellender amendment?

The PRESIDING OFFICER. The Chair will advise the Senator from Illinois that if there is no objection to the unanimous-consent request made to modify the amendment, then the yeas and nays lie to the modified amendment, and the yeas and nays will be ordered on the amendment as modified. Is there objection? The Chair hears none, and it is so ordered.

The question now is on agreeing to the amendment, as modified, offered by the Senator from Louisiana to the committee amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Louisiana [Mr. LONG], the Senator from North Carolina [Mr. ERVIN], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Minnesota [Mr. MCCARTHY]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Minnesota would vote "nay."

On this vote the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from Pennsylvania [Mr. CLARK]. If present and voting the Senator from North Carolina would vote "yea," and the Senator from Pennsylvania would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Jersey [Mr. CASE] is absent by leave of the Senate because of a death in his family, and, if present and voting, would vote "nay."

The result was announced—yeas 38, nays 52, as follows:

YEAS—38

Bartlett	Frear	Moss
Bible	Goldwater	Mundt
Byrd, Va.	Gore	Murray
Byrd, W. Va.	Gruening	Proxmire
Cannon	Hartke	Robertson
Chavez	Hruska	Russell
Church	Johnston, S.C.	Schoeppel
Curtis	Jordan	Smathers
Douglas	Kerr	Stennis
Dworshak	McGee	Talmadge
Eastland	Magnuson	Thurmond
Ellender	Mansfield	Yarborough
Engle	Morse	

NAYS—52

Aiken	Hayden	Morton
Allott	Hennings	Muskie
Beall	Hickenlooper	Neuberger
Bennett	Hill	Pastore
Bridges	Holland	Prouty
Bush	Humphrey	Randolph
Butler	Jackson	Saltonstall
Capehart	Javits	Scott
Carlson	Johnson, Tex.	Smith
Carroll	Keating	Sparkman
Case, S. Dak.	Kefauver	Symington
Cooper	Kennedy	Wiley
Cotton	Kuchel	Williams, N.J.
Dirksen	Langer	Williams, Del.
Dodd	Lausche	Young, N. Dak.
Fulbright	McNamara	Young, Ohio
Green	Martin	
Hart	Monroney	

NOT VOTING—8

Anderson	Ervin	McClellan
Case, N.J.	Long	O'Mahoney
Clark	McCarthy	

So Mr. ELLENDER's amendment, as modified, to the committee amendment was rejected.

Mr. ELLENDER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 16, line 6, it is proposed to strike out the period, insert in lieu thereof a semicolon, and the following:

Provided, That not less than seventy-five percent of the funds authorized or made available under the terms of this Act for the purchase of commodities, machinery, equipment, services, and similar items must be expended within the United States unless the President of the United States finds and determines that the best interests of the United States require that this proviso be waived.

Mr. ELLENDER. Mr. President, the amendment is of course self-explanatory. As I pointed out yesterday and last week during the debate, we are gradually losing our gold reserves. This has come about because much of the funds we send abroad, by way of grants and otherwise, are used to buy machinery, equipment, and services abroad. The countries which obtain these dollars then use them to buy our gold, rather than stimulating our own economy, by increased use of these dollars.

The pending amendment is very simple. It provides that "not less than 75 percent of the funds authorized or made available under the terms of this act for the purchase of commodities, machinery, equipment," and so forth, must be expended in the United States.

The amendment is so couched that if the President should determine that it is in the best interest of the United States to waive this proviso, he could do so. I hope that the chairman of the Foreign Relations Committee will accept this amendment and take it to conference.

I have pointed out on many occasions—and I gave the supporting figures—how our gold is being transferred abroad. Last year, for the first time in about 100 years, we had a deficit balance payments. It is true that we still have a favorable balance of trade, but because of foreign aid and other reasons this favorable balance has more than

been offset to give us a deficit balance of payments.

If this amendment is adopted, it will require that, at least 75 percent of the dollars provided through the mutual security program be spent in the United States.

I hope the chairman of the Foreign Relations Committee will accept the amendment and take it to conference.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LAUSCHE. Is it not a fact that practically all the military assistance funds are spent in the United States for the purchase of manpower and materials, and that the Senator's amendment would have very little effect in improving the purchasing of manpower and materials in the United States?

Mr. ELLENDER. Let me say to my good friend from Ohio that the funds for military assistance are spent in the United States because we alone are capable of manufacturing such vast quantities of military hardware. But every dime of our economic assistance could be spent in Japan, the United Kingdom, or other countries of Western Europe. This is what happens: When our dollars are used to buy goods in these foreign countries, these countries then use the dollars to purchase gold from us. I submit to the Senator this does not aid our economy one iota.

Mr. LAUSCHE. The Senator from Louisiana will concede, will he not, that, except for the Development Loan Fund of \$750 million, 80 percent of the moneys involved in the mutual aid program are spent in the United States for the purchase of manpower and materials?

Mr. ELLENDER. It may be true that a large percentage is spent in the United States—but the Senator is exempting the Development Loan Fund which, under terms of the committee amendment, will have \$750 million for expenditure this fiscal year.

Mr. LAUSCHE. I do not think there is any question about it.

Mr. ELLENDER. But it is not compulsory. My amendment provides that 75 percent of the dollars we appropriate must be spent in this country, unless the President decides it is in the best interest of the United States to waive this restriction. I want this entire provision in the bill, because it will permit the President to prevent the flow of our gold reserves when in his opinion he feels it will have a deleterious effect on our own economy.

Mr. LAUSCHE. One further question. It is also a fact, is it not, that the \$750 million in the Development Loan Fund is normally loaned to nations which are undeveloped, and which do not have hard cash? The purpose of the amendment of the Senator from Louisiana is to place a restraint upon the use of our dollars for the purchase of goods in other countries.

Mr. ELLENDER. Exactly. As I pointed out last week, when the Export-Import Bank makes loans to a particular country, the funds must be spent in the United States. Last year, for ex-

ample, India borrowed \$150 million from the Export-Import Bank, but only \$3 million had been spent in 14 months. The remainder of the funds, namely \$147 million, was not obligated. During this same period, India borrowed \$175 million from the Development Loan Fund and obligated the entire amount. This was possible because the \$175 million obtained from the Development Loan Fund was free, to be spent in countries which already hold an excess amount of our dollars.

Mr. LAUSCHE. My motivation, in part, for voting for the bill is the knowledge that 80 percent of the moneys involved in it, except for the funds in the Development Loan Fund, are spent to hire American workers and to buy American materials. That is not generally understood in this country. It is a fact that the Development Loan Fund does not immediately come back to us. Eventually it must come back and be spent to buy American manpower and materials.

Mr. ELLENDER. No; to buy our gold, not goods and merchandise.

Mr. LAUSCHE. That might be; but it is not absolutely certain.

Mr. ELLENDER. There is nothing to prevent it. However, my amendment will help to reduce the outflow of our gold while at the same time enable our own economy to be stimulated.

Mr. FULBRIGHT. Mr. President, I should like to call the Senator's attention to the provision in the law which relates to this point. In a situation of this kind the President already has certain authority. I quote from section 510 of the Mutual Security Act of 1954:

Funds made available under title I or II of chapter II of this act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any area of labor surplus, or upon the industrial mobilization base which outweigh the economic advantages to the United States of less costly procurement abroad.

In other words, if the President determines that the interest of the United States is adversely affected, or that there would be an advantage to the United States by expenditures in labor surplus areas, he may require the purchase of commodities within the United States. But that is only one aspect.

I submit that the proposed amendment is unworkable. It was not submitted to the committee, and I am not entirely clear as to how it could be administered. But if it should require—as apparently it would—that, as we approach the end of a year, we may not buy anything until the precise amount which had been bought within the United States has been determined, then I think the program would be completely paralyzed. It is not clear either whether this amendment would require that the money be spent in the United States directly by the borrower or the grantee, or by some other unspecified technique.

Could the dollars be given to the Government of Taiwan or the Turkish Gov-

ernment, which, in turn, would spend them here? Or must we spend the money here originally and send the commodity itself to Turkey or Taiwan? In either event the result might well destroy the flexibility necessary for the administration of the program.

As has already been stated by the Senator from Ohio, under the existing practices in connection with this program, without a rigid requirement of 75 percent expenditures in the United States, in the last year or two in which the program has operated, more than that percentage of commodities and items financed by the program has been purchased here. But if we establish an ironclad provision, it will have the effect of slowing up the administration and making it even more inefficient than it now is.

My principal objection to two or three amendments which have been offered is not that they are bad in themselves, but that they would make the administration of the program almost impossible. In addition, I think it would be extremely bad public relations. This program, as distinguished from the Export-Import Bank, has a different purpose. The Export-Import Bank was organized specifically to promote the export of American industrial products. The development loan program is not for that purpose. It has that effect incidentally, but the main purpose is to enable

underdeveloped countries to get on their feet and have an opportunity to improve their economy and hence their trade. It certainly is not the professed purpose of the law to increase the export of American industrial or agricultural commodities.

The purpose of a measure such as Public Law 480 is to promote the export of American agricultural commodities, but the purpose of the proposed amendment is not that at all. The export of agricultural or other commodities, is an incidental effect of the measure.

The Senator from Louisiana has said a good deal about the outflow of gold. I think he completely misrepresents the actual situation.

Mr. ELLENDER. Mr. President, I do not like the word "misrepresents." I have tables which I presented yesterday which show conclusively that our gold reserves are flowing directly to the countries which will most benefit from an unlimited use of Development Loan Fund funds, I ask unanimous consent that these tables be inserted in the RECORD. I also ask unanimous consent that the newspaper article by Alan Day, appearing in the London Observer, entitled "Dollar on Defensive," be placed in the RECORD at this point.

There being no objection, the tables and article was ordered to be printed in the RECORD, as follows:

Estimated gold reserves and dollar holdings of foreign countries and international institutions

[In millions of dollars]

Area and country	Dec. 31, 1956	Dec. 31, 1957	Dec. 31, 1958	Increase (+) or decrease (-), 1958 over 1957
Continental Western Europe:				
Austria.....	367	452	605	+ 153
Bel-Lux (includes Belgian Congo).....	1,227	1,182	1,522	+340
Denmark.....	96	143	200	+57
Finland.....	88	99	104	+5
France (and dependencies) ¹	1,505	946	1,134	+188
West Germany.....	3,329	4,099	4,394	+295
Greece.....	187	167	139	-28
Italy.....	1,268	1,531	2,208	+677
Netherlands (West Indies and Surinan).....	1,071	1,044	1,497	+453
Norway.....	117	138	172	+34
Portugal (and dependencies).....	628	651	707	+56
Spain (and dependencies).....	176	126	106	-20
Sweden.....	483	479	507	+28
Switzerland.....	2,512	2,685	2,778	+93
Turkey.....	164	162	164	+2
Other.....	917	851	1,370	+519
Total.....	14,135	14,755	17,607	+2,852
Sterling area:				
United Kingdom.....	2,812	2,875	3,725	+850
United Kingdom dependencies.....	103	104	110	+6
Australia.....	191	211	241	+30
India.....	323	329	324	-5
Union of South Africa.....	277	255	241	-14
Other.....	228	228	251	+23
Total.....	3,934	4,002	4,892	+890
Canada.....	2,629	2,738	3,083	+345
Latin America.....	4,123	4,368	4,009	-359
Asia:				
Japan.....	1,145	714	1,098	+384
Other.....	1,650	1,610	1,643	-67
Total.....	2,795	2,324	2,641	+317
All other (includes international institutions).....	3,511	3,087	3,206	+119
Grand total.....	31,127	31,274	35,438	+4,164

¹ Excludes gold holdings of French Exchange Stabilization Fund.

Source: Federal Reserve Bulletin, March 1959.

U.S. net monetary gold transactions with foreign countries and international institutions, 1954-59

[In millions of dollars at \$35 per fine troy ounce. Negative figures represent net sales by the United States; positive figures, net purchases]

Country	Calendar years					1st quarter, 1959
	1954	1955	1956	1957	1958	
Afghanistan.....				-0.6		
Argentina.....			115.3	75.4	67.2	
Austria.....	-6.2				-84.2	
Bank for International Settlements.....	-20.0				-178.3	-7.0
Belgium.....			3.4	3.4	-329.4	
Bolivia.....	17.3	3.5				
Canada.....			14.6	5.2		
Chile.....				2.8	3.0	
Colombia.....			28.1			
Denmark.....				7.0	-17.0	
El Salvador.....				-3.5		
France.....		-67.5	-33.8			
Germany.....	-225.6	-10.0				
Indonesia.....				-2.0		
International Monetary Fund.....		-2.7	200.0	599.7	-7.1	-8.8
Iran.....		-3		-3	-2.3	
Israel.....	-1.1					
Italy.....					-348.8	
Japan.....					-30.1	-49.9
Korea.....		-1.9				
Lebanon.....	-8.8					
Mexico.....	80.3					
Netherlands.....				25.0	-260.9	-29.9
Peru.....				3.5		
Philippines.....				21.9	6.9	5.0
Portugal.....	-54.9	-5.0			-20.0	
Spain.....				31.5	31.7	
Surinam.....					-2.5	
Sweden.....	-15.0		15.2			
Switzerland.....	-15.5		-8.0		-215.2	
United Kingdom.....	-50.0		100.3		-900.0	
Uruguay.....	-5.0	11.0	29.1	3.1		
Vatican.....	8.8	4.0	3.0	1.0	-3.5	-1.2
Venezuela.....	-30.0		-200.0			
Others.....	-1.0	.4	12.9	-1.4	-3.8	-9
Total.....	-326.6	-68.5	280.2	771.6	-2,294.2	-92.6

¹ Includes \$13,100,000 Rumanian-owned gold blocked under Executive Order No. 10644, and pursuant to Public Law 285, 84th Cong., Aug. 9, 1955, among assets vested and liquidated, their proceeds to be distributed to American claimants against Rumania.

Figures may not add to totals because of rounding.

Source: Treasury Department, Office of International Finance.

Reported gold reserves of central banks and governments, selected countries

[In millions of dollars]

End of month	Estimated total world ¹	United States	France ²	West Germany	Italy	United Kingdom ³	Netherlands	Belgium
1952—December.....	36,000	23,252	573	140	346	1,846	544	706
1953—December.....	36,435	22,091	576	328	346	2,518	737	776
1954—December.....	37,080	21,793	576	626	346	2,762	796	778
1955—December.....	37,740	21,753	861	920	352	2,120	865	929
1956—December.....	38,245	22,058	861	1,494	338	2,133	844	928
1957—December.....	38,970	22,857	575	2,542	452	2,273	744	913
1958—January.....		22,860	575	2,501	457	2,404	792	946
February.....		22,736	575	2,489	462	2,539	828	967
March.....	39,135	22,487	575	2,460	462	2,770	847	998
April.....		22,042	575	2,492	417	2,914	862	1,028
May.....		21,674	575	2,499	491	3,039	881	1,099
June.....	39,395	21,412	575	2,575	607	3,076	910	1,143
July.....		21,275	589	2,581	677	3,084	920	1,182
August.....		21,082	589	2,587	754	3,089	944	1,213
September.....	39,545	20,929	589	2,597	847	3,120	956	1,228
October.....		20,741	589	2,633	907	3,174	999	1,251
November.....		20,653	589	2,639	995	3,215	1,025	1,270
December.....	39,865	20,582	589	2,639	1,086	3,069	1,050	1,270
1959—January.....		20,527	582			3,111	1,125	1,248

¹ Represents reported gold holdings of central banks, governments, and international institutions, unpublished holdings of various central banks and governments, estimated holdings of British exchange equalization account based on figures shown for United Kingdom, and estimated official holdings of countries from which no reports are received.

² Represents holdings of Bank of France (holdings of French exchange stabilization fund and not included).

³ Beginning with December 1958, represents exchange equalization account gold and convertible currency reserves, as reported by British Government; prior to that time represents reserves of gold and United States and Canadian dollars.

NOTE.—Federal Reserve Bulletin, March 1959, p. 335.

[From the London (England) Observer, June 7, 1959]

DOLLAR ON DEFENSIVE

(By Alan Day)

A great deal too much play has been made recently with the idea of the weakness of the dollar.

Obviously, there is a strong temptation for us in Britain to take pleasure when sterling's

international rival is under pressure while sterling is standing very well in world esteem. But it would be wise to restrain any tendency to chortle at our friends' misfortunes; if they were really to become serious, the effects on us would be very unpleasant.

Fortunately, there is no reason to think that the dollar is at present under any real pressure. Naturally, one is a little suspicious when the Secretary of the U.S. Treasury

makes a solemn declaration that the dollar will not be devalued—the whole thing is too reminiscent of sterling in 1949. But sometimes such statements should be taken at their face value—and this is such an occasion.

GOOD CREDITOR

As far as the flows of payments into and out of the United States are concerned, the current position is one which we should all regard as encouraging. America is playing the role of a good creditor which we have so long demanded of her, by lending abroad and making grants to poor countries. At the same time, she is importing on an immense scale—because she provides the most prosperous and one of the most wide-open markets in the world.

A great deal is heard of American tariffs and import restrictions, but the fact is that her policies are remarkably liberal. Many of her tariffs, particularly on industrial goods, are low by the standards of the advanced industrial countries—as an example, cars pay 10 percent going into the United States compared with about 20 percent in Germany and 30 percent in France and Britain.

LOSING RESERVES

The average incidence of the American tariff on all foreign goods is almost certainly not appreciably higher, and may be substantially lower, than that of the United Kingdom. And protection of American manufacturing industry by quotas is so rare as to make headline news—whereas we and other European countries still protect many sensitive industries in this way, even though there are no longer any real balance-of-payments reasons for doing it.

Even so, it can be argued, America is losing reserves and cannot go on doing so forever. At the latest count, her gold reserves were only slightly above the \$20 billion mark, and if recent rates of decline continue, they will fall below that level within a few weeks.

A LUXURY

Of this total, something like \$12 billion of America's gold reserves are tied, in that they are required by law as backing for the internal currency circulation. This requirement is a luxury that Britain has long foregone, and in 1945 the American authorities found no difficulty in reducing the required backing from 40 percent to 25 percent of the currency circulation. Compulsory gold backing for a currency is, in fact, a primitive survival; the value of money derives not from its gold content but from its acceptability and depends on its being sufficiently scarce not to lose its value.

All the same, even if the American legal reserve is regarded as sacrosanct, the United States still has enough free reserves to pay out 60 percent of her overseas short-term liabilities. This compares very favorably with Britain, who would use up the whole of her gold reserve if she had to pay out only 33 percent of her sterling liabilities.

THREE CHOICES

The fact remains, however, that America cannot allow an indefinite decline in the ratio between her reserves and short-term liabilities—which would happen if her present balance-of-payments deficit were to continue indefinitely. If she chose to deal with the problem by reducing this deficit, various steps would be open to her.

She could cut her aid to other countries, and certainly it is arguable that the \$1 billion which went in 1958 to Western Europe (other than Greece and Turkey) is not particularly justifiable. She could cut imports; a really illiberal policy would do the rest of the world much harm. And in the last analysis she could devalue.

That, however, is such a remote contingency that it should not be taken seriously—except insofar as one should bear in mind that a dollar devaluation in terms of gold

would almost certainly entail an equivalent sterling devaluation. When our average payments surplus is still well below the £350-400 million annual rate which we need for safety, any upward valuation of sterling in relation to any major currency would be very dangerous. And as the National Institute of Economic and Social Research recently pointed out, the evidence of recent years is that both American and British prices of manufactured exports have risen relatively to other countries' prices. Sterling and the dollar must hang together; we cannot hope to let the dollar hang separately.

The worrying thing, however, is that the time may be coming when the world's dependence on the dollar and sterling as international currencies may put them both under real strain. Prof. Robert Triffin, in an article in the latest issue of the *Quarterly Review of the Banca Nazionale del Lavoro*, has argued convincingly that the world's normal need for increased supplies of international currency over the next decade are likely to exceed current gold production by \$5 to \$15 billion.

RISK OF STRAINS

To close this gap by further extension of the use of dollars or sterling as ways of holding reserves would dangerously lower the ratio of Britain's and America's reserves to their short-term liabilities. He sees the 50-percent expansion of the quotas of the International Monetary Fund as a movement in the right direction, but far more comprehensive measures are needed if a return to a widespread system of controls is to be avoided.

The most promising line of approach he sees lies in a true "internationalisation" of the world's foreign currency reserves. This would remove the risk of strains on center countries such as America and Britain, arising from the international use of their national currencies, which develop when there is speculation against dollars or sterling. In a truly international system, there would be a single international currency, so that arbitrary shifts between gold, dollars and sterling would not take place.

FROM EXPERIENCE

Triffin's own detailed solution will be developed in the next issue of the *Review*; but the line of thought that will deal with the problems he sees is clear enough. This is for the artificial creation of a truly international currency which would be perfectly substitutable for gold. Such a movement in this direction of artificially creating currency which is acceptable throughout the world economy is simply an application on the international scale of the monetary developments of the last century on the national scale, through the development of central banking and paper money. And in the fact that it builds on past experience lies much of the attractiveness of this next step in the movement toward a sophisticated international currency system.

Mr. ELLENDER. Mr. President, this article graphically tells the story of the flight of our gold to Western Europe and it is because of the facts contained in these exhibits that I object to the use of the word "misrepresents."

Mr. FULBRIGHT. I withdraw the word. He leaves a false impression, not intentionally. I think the Senator misunderstands. The proper word is not "misrepresent." I do not wish to impute in any way an intentional misrepresentation. I meant to say the Senator does not present the matter in its true light, as I see it.

The fact that other countries are earning gold and dollars from the United States is a measure of the success of

past programs for economic recovery and development.

There is the Marshall plan, to be specific. We spent a lot of money on that plan with the express purpose of making other countries sufficiently prosperous to stand on their own feet. They have become so, and one of the inevitable results is a redistribution of the gold which had accumulated in this country at Fort Knox in unnatural amounts.

It was the object of these programs to make other countries, Western Europe particularly, economically strong. Now that these programs have succeeded it cannot well be a source of complaint, as the Senator from Louisiana has expressed it on several occasions. We ought to accept it as evidence of success of the programs this Government has carried on in the past.

One of the most unsettling factors in world economics in postwar years has been the distortion in the U.S. balance of payments. Gold was coming to the United States and other countries were chronically in deficit to the United States.

In fact, this particular phenomenon developed after World War I and continued up until last year. The condition is now being corrected, and in my opinion the correction is healthy. If it did not occur naturally, some way would have to be found to produce the same result artificially.

As a matter of fact, one of the reasons for the aid programs has been the desire and the necessity for trying to create a greater balance of international trade and payments. In fact, that is one of the functions of the aid program.

The situation may be compared to a poker game in which one player gets all the chips. Unless he loses a few hands or the chips are redistributed in some other fashion, the game must stop.

That is what we were doing. We were redistributing the chips in order that the game of international commerce and international relations, out of which we reap manifold benefits, could continue. That is, the recipient nations could continue on a free basis as compared to the managed basis employed within the Iron Curtain countries.

A long-term factor at work in the decline of U.S. exports is the type and price of U.S. manufactured goods.

The Senator from Louisiana has referred to this. He is quite right in that some of these countries do not wish to continue to buy such commodities as 300-horsepower automobiles. Even Americans are becoming sick and tired of buying 300-horsepower automobiles and are demanding that our own manufacturers make reasonably priced and reasonably powered automobiles.

This is one indication of what has been wrong with our international trade. We have lost some of our markets. It is not because of the aid program particularly. It has been largely because of internal conditions and the extreme increases in prices and wages, of which we are all aware.

The budget deficit in the United States appears to have little to do with the out-

flow of gold. As interest rates in the United States increase, some return movement may be expected. But in any event, the United States ought not to sacrifice its foreign policy because it lacks the courage to take the domestic steps necessary to balance the budget and control inflation.

So I submit, Mr. President, that the argument just made by the Senator from Louisiana is not a valid argument in support of this amendment or any other amendment.

I conclude by saying I believe the enactment of this amendment would be very bad public relations. If we are going to advertise this program as being essentially and primarily one to increase the export of American goods and not to help the underdeveloped countries to develop, then it can readily be seen what a wonderful propaganda gift we would make to the Russians. I hope the Senate will defeat this amendment.

I yield back the remainder of my time.

Mr. CASE of South Dakota. Mr. President—

Mr. DIRKSEN. I yield to the Senator from South Dakota on the bill.

Mr. CASE of South Dakota. Mr. President, if we are to have a Development Loan Fund, it seems to me this amendment would defeat the purposes of such a fund. I intend to call attention to one of the points the distinguished Senator from Arkansas has already mentioned. To support what I wish to say, I should like to read the first sentence of the declaration of purpose in the basic Act of 1957 creating the Development Loan Fund. I read from the declaration of purpose, as follows:

The Congress of the United States recognizes that the progress of the free peoples in their efforts to further their economic development and to strengthen their freedom is important to the security and general welfare of the United States.

The last clause of the first paragraph reads as follows:

And to assist on a basis of self-help and mutual cooperation the efforts of free people to develop their economic resources and to increase their productive capabilities.

Then the law requires that the Fund, in making loans, shall take into account four different situations. The last 2 situations which the Fund must take into account are these:

Whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title.

Obviously if the Fund is to take that provision into account, it could be defeated by requiring that 75 percent of the loan should be spent for materials produced in this country.

The fourth provision is "the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved."

So I believe the chairman of the committee is arguing well when he says that the amendment would defeat the purposes of the act.

Mr. President, while I have the floor, I should like to ask permission to insert in the RECORD at this point parts of section 201 of the basic act for the Export-Import Bank and other pertinent quotations which set forth the authority for making loans under the Export-Import Bank, and likewise to insert excerpts from the basic act for the Development Loan Fund so as to show the difference between the quality of loans and the quality of security that may be required under loans made from either the Bank or the Fund.

There being no objection the matters were ordered to be printed in the RECORD, as follows:

STATEMENT OF CITATIONS

(By Mr. CASE of South Dakota)

There was no opportunity to make a point of order against the back-door appropriation language when the amendment of the Bretton Woods Agreements Act was before us. Here is the act approved June 17, 1959:

"AN ACT TO AMEND THE BRETTON WOODS AGREEMENTS ACT

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bretton Woods Agreements Act is amended by adding at the end thereof the following new section:

"SEC. 16. (a) The United States Governor of the Fund is authorized to request and consent to an increase of \$1,375,000,000 in the quota of the United States under article III, section 2, of the articles of agreement of the Fund, as proposed in the resolution of the Board of Governors of the Fund dated February 2, 1959.

"(b) The United States Governor of the Bank is authorized (1) to vote for increases in the capital stock of the Bank under article II, section 2, of the articles of agreement of the Bank, as recommended in the resolution of the Board of Governors of the Bank dated February 2, 1959, and (2) if such increases become effective, to subscribe on behalf of the United States to thirty-one thousand seven hundred and fifty additional shares of stock under article II, section 3, of the articles of agreement of the Bank."

"SEC. 2. Section 7(b) of the Bretton Woods Agreements Act is amended by striking out 'of \$950,000,000', and by striking out 'not to exceed \$4,125,000,000' and inserting in lieu thereof '\$8,675,000,000'."

The same was true last year, Mr. President, when we increased the funds for the Export-Import Bank. The language of that act follows:

"AN ACT TO INCREASE THE LENDING AUTHORITY OF THE EXPORT-IMPORT BANK OF WASHINGTON, AND FOR OTHER PURPOSES

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Export-Import Bank Act of 1945, as amended, is amended—

"(1) by striking out '\$4,000,000,000.' from section 6 and inserting in lieu thereof '\$6,000,000,000.'; and

"(2) by striking out '\$5,000,000,000.' from section 7 and inserting in lieu thereof '\$7,000,000,000.'"

"Approved May 22, 1958."

One has to go back to 1945 to get the language in a bill where the point of order might have been made. Here are the provisions of that act, and attention is invited to sections 4 and 6:

"AN ACT TO PROVIDE FOR INCREASING THE LENDING AUTHORITY OF THE EXPORT-IMPORT BANK OF WASHINGTON, AND FOR OTHER PURPOSES

"Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That this Act may be cited as the 'Export-Import Bank Act of 1945'.

"SEC. 2. (a) The Export-Import Bank of Washington, District of Columbia, a banking corporation organized under the laws of the District of Columbia as an agency of the United States, is continued as an agency of the United States, and in addition to existing charter powers, and without limitation as to the total amount of obligations thereto of any borrower, endorser, acceptor, obligor, or guarantor at any time outstanding, it is hereby authorized and empowered to make loans, to discount, rediscount or guarantee notes, drafts, bills of exchange, and other evidences of debt, or participate in the same, for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States or any of its Territories or insular possessions and any foreign country or the agencies or nationals thereof. The Bank is hereby authorized to use all its assets, including capital and net earnings therefrom, and to use all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency.

"(b) It is the policy of the Congress that the Bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out the purposes of subsection (a), shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment.

"SEC. 3. (a) (1) The management of the Export-Import Bank of Washington shall be vested in a Board of Directors consisting of the Administrator of the Foreign Economic Administration, who shall serve as Chairman, the Secretary of State, and three persons appointed by the President of the United States by and with the advice and consent of the Senate. The Secretary of State, to such extent as he deems it advisable, may designate to act for him in the discharge of his duties as a member of the Board of Directors any officer of the Department of State who shall have been appointed by and with the advice and consent of the Senate.

"(2) If the Foreign Economic Administration ceases to exist in the Office for Emergency Management in the Executive Office of the President, the President of the United States shall appoint by and with the advice and consent of the Senate another member of the Board of Directors. The member so appointed shall serve for the remainder of the existing terms of the other three appointed members, but successors shall be appointed for terms of five years. After the Foreign Economic Administration ceases to be a member of the Board of Directors, the President of the United States shall, from time to time, designate one of the members of the Board to serve as Chairman.

"(3) Of the five members of the Board, not more than three shall be members of any one political party. Each of the appointed directors shall devote his time not otherwise required by the business of the United States principally to the business of the Bank. Before entering upon his duties each of the directors so appointed and each officer of the Bank shall take an oath faithfully to discharge the duties of his office. The terms of the appointed directors shall be five years, except that the terms of the directors first appointed shall run from the date of appointment until June 30, 1950. Whenever a vacancy occurs among the directors so appointed, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. Each of the appointed directors shall receive a salary at the rate of \$12,000 per annum, unless he is an officer of the Bank, in which event

he may elect to receive the salary of such officer. No director, officer, attorney, agent, or employee of the Bank shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly personally interested.

"(b) A majority of the Board of Directors shall constitute a quorum.

"(c) The Board of Directors shall adopt such bylaws as are necessary for the proper management and functioning of the Export-Import Bank of Washington, and may amend the same.

"(d) There shall be an Advisory Board consisting of the Chairman of the Export-Import Bank of Washington, who shall serve as Chairman, the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, and the Chairman of the Board of Governors of the Federal Reserve System, which shall meet at the call of the Chairman. The Advisory Board may make such recommendations to the Board of Directors as it deems advisable, and the Board of Directors shall consult the Advisory Board on major questions of policy.

"(e) Until October 31, 1945, or until at least two of the members of the Board of Directors to be appointed have qualified as such directors, whichever is the earlier, the affairs of the Bank shall continue to be managed by the existing Board of Trustees.

"(f) The Export-Import Bank of Washington shall constitute an independent agency of the United States and neither the Bank nor any of its functions, powers, or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide.

"SEC. 4. The Export-Import Bank of Washington shall have a capital stock of \$1,000,000,000 subscribed by the United States. Payment for \$1,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the common stock heretofore issued by the Bank and purchased by the United States. Payment for \$174,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the preferred stock heretofore issued by the Bank and purchased by the Reconstruction Finance Corporation. Payment for the \$825,000,000 balance of such capital stock shall be subject to call at any time in whole or in part by the Board of Directors of the Bank. For the purpose of making payments of such balance, the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the subscription of the United States to the Bank and repayments thereof shall be treated as public debt transactions of the United States. Certificates evidencing stock ownership of the United States shall be issued by the Bank to the President of the United States, or to such other person or persons as he may designate from time to time, to the extent of the common and preferred stock surrendered and other payments made for the capital stock of the bank under this section.

"SEC. 5. (a) The Secretary of the Treasury shall pay to the Reconstruction Finance Corporation the par value of the preferred stock upon its surrender to the Bank for cancellation. For the purpose of making such payments to the Reconstruction Finance Corporation the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment

under this subsection to the Reconstruction Finance Corporation shall be treated as public-debt transactions of the United States.

"(b) Any dividends on the preferred stock accumulated and unpaid to the date of its surrender for cancellation shall be paid to the Reconstruction Finance Corporation by the Bank.

"Sec. 6. The Export-Import Bank of Washington is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed two and one-half times the authorized capital stock of the Bank. Such obligations shall be redeemable at the option of the Bank before maturity in such manner as may be stipulated in such obligations and shall have such maturity and bear such rate of interest as may be determined by the Board of Directors of the Bank with the approval of the Secretary of the Treasury. The Secretary of the Treasury is hereby authorized and directed to purchase any obligations of the Bank issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the purchase price of such obligations of the Bank and repayments thereof by the Bank shall be treated as public-debt transactions of the United States.

"Sec. 7. The Export-Import Bank of Washington shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of three and one-half times the authorized capital stock of the Bank.

"Sec. 8. The provisions of the existing charter of the Bank relating to the term of its existence, to the management of its affairs, and to its capital stock are superseded by the provisions of this Act and the Bank shall be exempt from compliance with any provisions of law relating to the amendment of certificates of incorporation or to the retirement or increase of stock of District of Columbia corporations and from the payment of any fee or tax to the Recorder of Deeds of the District of Columbia determined upon the value or amount of capital stock of the Bank or any increase thereof.

"Sec. 9. The Export-Import Bank of Washington shall transmit to the Congress semi-annually a complete and detailed report of its operations. The report shall be as of the close of business on June 30 and December 31 of each year.

"Sec. 10. Section 9 of the Act of January 31, 1935 (49 Stat. 4, ch. 2), as amended, is repealed.

"Sec. 11. Notwithstanding the provisions of the Act of April 13, 1934 (48 Stat., ch. 112, p. 574), any person, including any individual, partnership, corporation, or association, may act for or participate with the Export-Import Bank of Washington in any operation or transaction, or may acquire any obligation issued in connection with any operation or transaction, engaged in by the Bank.

"Approved July 31, 1945."

It is noted that the act was passed in July 1945. Reference to the CONGRESSIONAL RECORD of July 13, 1945 when the bill passed the House shows that the bill passed on a voice vote without rollcall.

For comparison of the quality of loans and repayment probabilities, here are the corresponding paragraphs from the 1957 act which established the powers of the Fund, first is section 202(b):

"(b) The Fund is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or di-

rect purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as it may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved. Loans shall be made by the Fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment. The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund. The authority of section 451(a) of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. No guarantees of equity investment against normal business-type risks shall be made available under this subsection. The President's semiannual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title."

Next is section 205(c):

"(c) The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may: Enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures of the Fund, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as the Fund shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (pro-

vided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, the Fund, and, as the Fund may determine, refer any such obligations or rights to the Attorney General for suit or collection; adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government; and otherwise take any and all actions determined by the Fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation, or in carrying out any function. Nothing herein shall be construed to exempt the Fund or its operations from the application of section 507(b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U.S.C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress. The Export-Import Bank shall administer loans made from the Fund, as provided in section 505(b) of this Act."

Comparison of this language which sets forth the powers of the Fund with the earlier bank makes it evident that there is far less prospect of full repayment to the Treasury of the money advanced to the Development Fund. As this "backdoor" method is progressively applied in larger and larger amounts to more and more uncertain and liberal loans, and as our national debt grows, it becomes more and more urgent to curb the practice.

Enough is enough.

OTHER USES OF BACK-DOOR FINANCING

Mr. CASE of South Dakota. Mr. President, earlier this afternoon the distinguished majority leader was reciting the various acts under which we use back-door financing, he asked the Senator from South Dakota if he had made a point of order against this financing in the Export-Import Bank law. As a matter of fact, the Export-Import Bank law was passed in July of 1945, practically at the close of the European phase of World War II.

The act which was voted upon in the Senate last year did not repeat the sections relating to the mandatory loans from the Treasury, but merely increased the amount. There might have been a parliamentary difficulty in making a point of order against a portion of the act which was not before the Senate at that time, but whether so or not, the

fact still remains, Mr. President, that the time may come when by reason of loose methods of financing, the Treasury reaches a point where we have to say "Enough is enough."

It reminds me of a story told by the Senator from Mississippi [Mr. STENNIS]. A woman came before a judge and wanted a divorce.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Washington will state it.

Mr. MAGNUSON. Did not the Senator from Louisiana and the Senator from Arkansas yield back the remainder of their time?

The PRESIDING OFFICER. The Senator from Illinois [Mr. DIRKSEN] yielded time on the bill to the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, I trust that the time for the parliamentary inquiry will not be taken out of my time. I did not yield for a parliamentary inquiry.

The Senator from Mississippi told a story about a woman who went before a judge and asked for a divorce. The judge learned that she had been married 49 years and 9 months, so he said to her, "If you would only stay with your husband for 3 months more, you could celebrate your golden wedding anniversary. It might be worthwhile to do that."

The woman replied, "You just don't know the situation. A time comes when enough is enough."

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

All time on the amendment of the Senator from Louisiana [Mr. ELLENDER] to the committee amendment has expired. The question recurs on the amendment to the amendment. [Putting the question.]

The amendment to the amendment was rejected.

Mr. BRIDGES. Mr. President, I call up the amendment designated "7-7-59—B," which is offered for myself and on behalf of the Senator from South Carolina [Mr. JOHNSTON].

The PRESIDING OFFICER. The amendment to the committee amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 28, line 24, it is proposed to strike out the quotation marks and after line 24, insert the following:

SEC. 552. SUSPENSION OF ASSISTANCE TO CERTAIN COUNTRIES.—Whenever the President determines that any country receiving assistance under this Act is engaged in the nationalization, expropriation, confiscation, or other taking without adequate compensation of property owned by the United States or any national thereof he shall suspend assistance to such country until he is satisfied that such country (1) is no longer so engaged, and (2) has paid adequate compensation for, or made restitution of, any property so taken subsequent to January 1, 1959.

Mr. FULBRIGHT. Mr. President, I make the point of order that the amendment is, for all practical purposes, pre-

cisely like the one which the Senate rejected several days ago, and which was offered by the Senator from South Carolina [Mr. JOHNSTON]. All that has been done has been to rearrange the words.

Mr. BRIDGES. No; the amendment is different, as I shall suggest in my remarks. The objective which the Senator from South Carolina and I seek is the same, but the language is permissive, rather than mandatory, as was the language of the Johnston amendment. For that reason, I do not believe the amendment is subject to a point of order.

But assuming for the moment that it is subject to a point of order—which I do not concede it is—having had the experience one night in the Senate when a so-called labor bill was under consideration and a so-called civil rights amendment was maneuvered and finagled on the floor, after I had held the floor for 2 or 3 hours, trying to find out how the Chair had ruled; I am not troubled by the point of order made on this amendment, nor would I be on almost anything else. I shall ask for a ruling of the Chair and subsequent action by this body.

The PRESIDING OFFICER (Mr. ENGLE in the chair). The Chair is ready to rule on the point of order.

Mr. FULBRIGHT. I make the point of order on this amendment that this subject matter has already been disposed of by a ye-a-n-nay vote a few days ago—last week, I believe.

The PRESIDING OFFICER. The Chair is prepared to rule.

Mr. JOHNSTON of South Carolina. I offered the earlier amendment for myself. This time I am a cosponsor with the Senator from New Hampshire [Mr. BRIDGES]. We have worked on the matter very carefully. I think it will be found that the amendment this time is worded in such a way as to avoid a point of order which may be raised against it.

We could make the amendment longer, to say almost the same thing. We could make it cover a lot of other territory so as to enable it to get under the tent. But we think this amendment is well under the tent. I think we can get by with it.

The PRESIDING OFFICER. The Chair is prepared to rule, and the Chair does rule, that the point of order is not well taken, on the ground that the previous amendment was an unconditional amendment, whereas the present Bridges-Johnston amendment is a conditional limitation, suspending assistance to such a country until the President is satisfied that such country is no longer engaged in taking property without adequate compensation therefor, or has paid for any property so taken or has restored the same.

The point of order is not sustained.

Mr. BRIDGES. I thank the distinguished occupant of the chair for his ruling, which I think is a correct ruling.

Mr. President, I should like to speak to the amendment for several minutes.

The amendment provides that whenever the President determines that any country receiving assistance under the Mutual Security Act is engaged in the

nationalization, expropriation, confiscation, or other taking without adequate compensation of property owned by the United States or any national thereof, he shall suspend assistance to such country until he is satisfied that such country first, is no longer so engaged; and, second, has paid adequate compensation for, or made restitution of, any property so taken subsequent to January 1, 1959.

A similar amendment, offered originally by the distinguished Senator from South Carolina [Mr. JOHNSTON], was before the Senate on Thursday of last week. That amendment would have prohibited assistance to countries engaged in the expropriation of such property without adequate compensation.

This amendment differs from the Johnston amendment in several respects. First, it provides for suspension, rather than outright prohibition of assistance. Second, it permits the reinstatement of assistance after suspension in the event the President is satisfied that a country which has engaged in the nationalization, expropriation, confiscation, or other taking of U.S. property is no longer so engaged and has either made adequate compensation or restitution for such taking subsequent to January 1, 1959. It seems to me that no one can question the propriety of our following the policy provided by the amendment which I am submitting. Certainly our capital and our private industry are entitled to the same protection abroad that is provided under the Constitution for private industry and capital within our own borders.

Mr. MORSE. Mr. President, will the Senator from New Hampshire yield briefly to me?

The PRESIDING OFFICER (Mr. CANNON in the chair). Does the Senator from New Hampshire yield to the Senator from Oregon?

Mr. BRIDGES. I yield.

Mr. MORSE. I want the Senator from New Hampshire to know that I enthusiastically support his amendment. But I think we should make the point that many of the private investments made by American citizens in foreign countries—particularly in the case of Latin-American countries—are made there really as the result of urgings by officials of the governments of those countries and urgings by officials of our own Government that such American investments be made in those countries.

It seems to me that what this amendment proposes to be done—and I favor it is to give fair and reasonable protection to American investors. I am in favor of as much American investment abroad as possible. However, if there is to be such encouragement to American investors by officials of our Government and by officials of foreign governments, then there should be a provision for having representatives of the two governments negotiate some sort of settlement when political conditions in some country change and there is some sort of confiscation or expropriation of American-owned property.

I think the amendment will be conducive to such negotiations between the

governments when confiscation or expropriation of American-owned property begins.

Mr. BRIDGES. I thank the Senator from Oregon.

Mr. COTTON. Mr. President, will my colleague yield to me?

Mr. BRIDGES. I yield.

Mr. COTTON. I, too, wish to commend my colleague for his amendment. I cannot conceive that anyone would find any reasonable ground for opposing the amendment.

Following the statement just made by the Senator from Oregon, I remind my colleague that at this very moment the Ways and Means Committee of the other body has under consideration proposed legislation to provide further encouragement, by means of certain tax consideration, of the investment abroad of American funds, as a policy good for the United States and good for the very objectives for which our foreign aid program is administered. We certainly should take every possible means to safeguard such investments.

I certainly associate myself with the position taken by my colleague in regard to the amendment. I hope the committee will see fit to accept the amendment. If the committee does not accept it, then I hope the Senate will agree to the amendment.

Mr. BRIDGES. I thank my colleague.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from New Hampshire yield to me?

Mr. BRIDGES. I yield.

Mr. JOHNSTON of South Carolina. A few days ago, I discussed at length a similar amendment. Let me call attention to the fact that when we consider such investments made abroad during the last 3 months, we find they have been declining. The reason is that other countries continue to confiscate foreign investments.

This amendment will encourage investments by Americans in foreign countries. That is one reason why I offered my amendment.

I believe this amendment will be of assistance in that connection, by providing that before the property is confiscated, it must be paid for. I understand that is all this amendment provides.

Mr. BRIDGES. I thank the Senator from South Carolina.

Mr. LAUSCHE. Mr. President, will the Senator from New Hampshire yield to me?

Mr. BRIDGES. I yield.

Mr. LAUSCHE. Does the Senator from New Hampshire interpret his amendment to mean that it will apply only to confiscations which occurred after January 1, 1959?

Mr. BRIDGES. Yes. Personally, I would rather prefer to have the amendment apply to confiscations prior to that date. But I think a limit must be established; and I think January 1, 1959, is a reasonable limit. That is why the amendment proposes that limit.

Mr. LAUSCHE. Then I understand that the amendment would not be operative against confiscations made prior to January 1, 1959. Is that correct?

Mr. BRIDGES. That is correct.

Mr. LAUSCHE. So trouble would not arise in the case of nations which 8 or 10 years ago went through that process; is that correct?

Mr. BRIDGES. That is correct. That is why the amendment is limited in point of time. We are not trying to get involved in old backgrounds.

Mr. LAUSCHE. I thank the Senator from New Hampshire.

Mr. BRIDGES. Mr. President, I think this amendment is one of the most reasonable amendments which could be offered. I believe it provides a protection which should be provided. I can hardly conceive how any Senator could object to the amendment.

Mr. AIKEN. Mr. President, will the Senator from New Hampshire yield for a question?

Mr. BRIDGES. Certainly.

Mr. AIKEN. At first I thought the Senator's amendment looked rather good. Then it occurred to me that if an American national owned property in a Latin-American country, but if the property he owned had been wrongfully acquired by him in the first place—perhaps it had been assigned to him or sold to him or given to him by a temporary dictatorship which later was overthrown—according to the books, that American would own the property. Nevertheless, he might have wrongly acquired it in the first place.

Under the amendment, what would happen in such a case, after an honest government came into power, if it said, "We want back the land which was stolen from us?"

Does the amendment mean that then the President would be able to determine that that government would have to pay for the land, which was wrongfully acquired by someone else in the first place? I have heard of such cases.

Mr. BRIDGES. I know the Senator from Vermont has. However, I think he is building up the worst possible situation for me to knock down. Cases of the sort the Senator from Vermont has mentioned might develop; but I think the amendment is sufficiently permissive, so that we need not worry about such instances.

Mr. JAVITS. Mr. President, will the Senator from New Hampshire yield to me?

Mr. BRIDGES. I yield.

Mr. JAVITS. The Senator from New Hampshire says the amendment is permissive; and I heard the statement which was made here the other day.

However, as I read the amendment, it is mandatory. It uses the words "he shall suspend assistance to such country." Those words appear in lines 8 and 9, on page 1.

What some of us are worrying about is the opportunity of the President to negotiate with respect to foreign affairs and to have freedom of action in the negotiations.

As for myself—I do not know about the Senator from Vermont—I am sympathetic to the idea of a pronouncement by the Senate of its feeling about these matters. It seems to me the Senator from New Hampshire would gain his point and would obtain almost unani-

mous approval of his amendment if he were to change the word "shall" to the word "may." I shall not seek to amend his amendment in that way, for certainly the Senator from New Hampshire is entitled to submit the amendment in the form he prefers, and is entitled to have the integrity of his amendment maintained until the vote on it is taken. But I make this statement in order to give the Senator from New Hampshire the benefit of my ideas on the subject.

Mr. BRIDGES. If the Senator from New York will read further in the amendment, he will see that it provides:

He shall suspend assistance to such country "(1) is no longer so engaged, and (2) has paid adequate compensation for, or made restitution of, any property so taken subsequent to January 1, 1959."

I think that the amendment provides for an option by the President, and that he will have the ability to maneuver, whereas the Johnston amendment was mandatory.

I agree with the Senator from New York that what he has suggested would provide a greater option; but I should like to stick to the use of the word "shall" in the amendment.

Mr. COTTON. Mr. President, on this point, will my colleague yield to me?

Mr. BRIDGES. Certainly.

Mr. COTTON. In light of the observations made by the able Senator from Vermont and the able Senator from New York, would not my colleague interpret his amendment as follows: If I, for one, think that in 99 percent of the cases, American investments have been invited to be made in such countries, and have militated for their benefit; but if there were an extreme case, such as the one suggested by the Senator from Vermont, in which a government had acted improperly and, without regard to the rights of its own nationals, had surrendered property to Americans, then under the Senator's amendment, as it is now worded—I refer to the part of the amendment which provides for the procedure when the President finds that the expropriation has ceased, and that adequate compensation has been made—the question of adequate compensation can well be the means of determining whether there is a case in which the President feels that there is some justice in the position of those who believe that the land or other property had been taken improperly. Perhaps the President would require only token payment. Under the amendment, he would have every latitude of that sort.

Would not my colleague say that very part of the amendment would permit the President to consider all the facts and circumstances, and to deal justly with any nation in which Americans had made investments?

Mr. BRIDGES. I would say that the Senator has very ably explained the matter. For instance, if the President thought a situation had occurred such as the distinguished Senator from Vermont has illustrated, he could say a dollar was a proper restoration. There would have to be some legal transactions.

Mr. AIKEN. The President now has ample authority, according to my understanding, to stop assistance to any country in which he feels American citizens are being mistreated, without this amendment or without any other amendment. I think I am correct in that statement. The President can now stop these programs in any country, at any time, if American citizens are being mistreated. I ask the chairman of the Foreign Relations Committee if that statement is not correct.

Mr. FULBRIGHT. If the Senator will yield, I quoted the applicable section in the debate the other day. This is the provision, and I read from section 503 of the act:

If the President determines that the furnishing of assistance to any nation under any provisions of this act—

(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

(2) no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

He shall terminate all or part of any assistance furnished pursuant to this act.

Under that provision, the President has discretion.

Mr. AIKEN. And it also relates to mistreatment other than expropriation.

Mr. FULBRIGHT. That is true; but if it were an expropriation which would not submit to arbitration or negotiation, it would clearly come under the first section.

I think the Senator from Vermont has raised a very important aspect of the problem.

Mr. AIKEN. I raised it only as a practical matter.

Mr. FULBRIGHT. Aside from the—

Mr. BRIDGES. Mr. President, is the Senator from Arkansas using his own time?

Mr. FULBRIGHT. Very well. I will speak on my own time later.

Mr. BRIDGES. The Senator may proceed now.

Mr. FULBRIGHT. Mr. President, I yield myself, out of my own time, whatever time I shall use.

I only point out that this, in a sense, involves judicial proceedings. They are complicated situations, as the Senator from Vermont has illustrated. It is necessary to go into the facts behind an expropriation. There may be justification for it. The Senator has cited one reason. There may be other reasons. The situation requires negotiations and diplomatic representations. There are procedures available now to deal with it. I think this kind of provision in this type of bill would not only not promote the objective sought—and I am in sympathy with it—but I think it would result in denying relief.

The most obvious example, which I think is the inspiration for the amendment, is Cuba. When a big country such as ours begins to threaten a small country like Cuba, instead of causing Mr. Castro to behave, it probably makes him a greater hero to the mobs in Havana than he now is; and therefore, such

action would have the opposite reaction to that intended. They would not be more reasonable in treating our people. They would probably be more unreasonable. I think we have an example of that kind of reaction in our own country. When some northern magazine attacks one of our southern leaders, it makes him a greater hero in the South.

Mr. BRIDGES. I thought all the attacks were confined to those of the national chairman of the Senator's party.

Mr. FULBRIGHT. It does not hurt me very much in Arkansas to have Mr. Butler criticize us; but in Cuba, I think it is a poor and ineffective way to reach the objective the Senator has in mind. I agree with his objective. Nobody in this body approves of expropriation without compensation.

Mr. AIKEN. Why think in terms of Cuba? I have a feeling this provision would more likely be used on a compulsory basis in some other countries. I know Cuba is in the minds of some people these days.

Mr. FULBRIGHT. I merely used Cuba to cite an example of expropriation which has caused great consternation. I do not approve of it, but I should like to know the facts behind it. The point the Senator from Vermont made about the expropriation of ranch land may be well taken. I do not know about the facts.

I think this kind of amendment is a very dangerous one. It was not submitted to the committee. None of us are thoroughly apprised as to its full implications. I can see some dangers in it. I think it is not a proper purpose to pervert an assistance bill into an instrument for disciplining people who may take actions we do not like, and use it as a kind of police billy or club. That would be a distinct perversion of the purpose of the legislation. I think there are better ways to get at the problem.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. BRIDGES. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator from New Hampshire has 3 minutes.

Mr. BRIDGES. I yield to the Senator from New York.

Mr. KEATING. I certainly do not want to deal particularly with Fidel Castro or any other specific persons. I think we should consider the matter in the light of generalities, as the Senator from Vermont has said; but I call attention to the fact that there are provisions in the present law which give the President such authority. The provision is to the effect that if the furnishing of assistance is no longer in furtherance of our national security or the foreign policy of the United States, it may be stopped. It might be found that expropriation was not consistent with our foreign policy; still we might or might not want to help that country. So the terms of the amendment of the Senator from New Hampshire would be in order. It is my feeling it gives considerably more flexibility to the President. He should have the flexibility, which was not contained in the amend-

ment which the Senator from South Carolina previously offered because it was an absolute prohibition against the use of the funds. The amendment now before the Senate states that the President shall determine something, and then it states when he is satisfied that the other country is back in line again, he may reinstate the aid. So there is a great deal more flexibility in the amendment offered by the Senator from New Hampshire than there was in the one the Senate passed on heretofore.

Mr. BRIDGES. I thank the distinguished Senator from New York.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I agree with what the Senator from New York has said in reply to the question. Let us read what the amendment states:

Whenever the President determines that any country receiving assistance under this act is engaged—

And so forth. In other words, one act would not necessarily bring the provision into operation. The President would have to pass upon the acts. I think the President would have to say that the country was taking over property in a general way. I think the language answers the question which has been raised.

Mr. AIKEN. Mr. President, I think the President has full authority now. I do not know whether oil, sugar, cattle, or anything else is involved; I am satisfied that some holdings in foreign countries have been acquired under questionable conditions.

Mr. JOHNSTON of South Carolina. We must bear in mind that this country has \$60 billion worth of property in other countries—more than all the other nations have invested in other countries.

Mr. AIKEN. Is that any reason for going to war—to protect the \$60 billion worth of property?

Mr. JOHNSTON of South Carolina. No; the purpose of the amendment is to protect the property rights of Americans.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. I think the Senator from New York [Mr. KEATING] has pointed out a considerable distinction as between the two amendments. I think this amendment is in better form. I wonder if the Senator would want to give consideration to modifying the language at the end of the amendment, and, instead of specifying the date January 1, 1959—which would make it ex post facto, or retroactive—would consider using the term "the effective date of this act," so it would not be ex post facto legislation.

Mr. BRIDGES. I will say to the Senator from South Dakota, I picked the date of January 1, 1959, as a reasonable date. I did not go back, as the able Senator from Ohio mentioned, to 9 or 10 years ago, with regard to past seizures of properties.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

The PRESIDING OFFICER. The time of the Senator from New Hampshire has expired.

Mr. MANSFIELD. Mr. President, I yield the Senator 2 minutes from the time on the bill.

Mr. LAUSCHE. Mr. President, on page 2 of the amendment the language reads: "(1) is no longer so engaged, and (2) has paid adequate compensation for."

The Senator, in discussing the language, has used the conjunction "or." Does the Senator mean the President may reinstitute the aid when expropriation is, first, no longer practiced, or when, second, there has been paid adequate compensation? I think there is some question about what the Senator means.

Mr. BRIDGES. I will say to the distinguished Senator from Ohio that the Senator from New Hampshire means "and" within the context of his question. My amendment provides, however, for the alternative of restitution or payment of adequate compensation.

Mr. LAUSCHE. Does the Senator interpret the language to mean that the expropriation may be made, provided compensation is given for the properties taken?

Mr. BRIDGES. The Senator from New Hampshire would interpret the language to mean that if the expropriation has been made of properties and compensation has been adequately provided, then the President may go ahead with the aid. Similarly, if the expropriation has been made and it has been followed by restitution of such property, the President may go ahead with the aid.

Mr. LAUSCHE. That is the purpose of the language?

Mr. BRIDGES. Yes.

Mr. FULBRIGHT. Mr. President, I yield myself five minutes.

Mr. BRIDGES. Mr. President, may I ask the Senator from Montana to yield me one more minute?

Mr. MANSFIELD. I am glad to yield the Senator one more minute.

Mr. BRIDGES. Mr. President, I ask unanimous consent to modify my amendment, on page 2, to make it read "(1) is no longer so engaged, and (2) has paid adequate compensation for, or made restitution of, any property so taken subsequent to the effective date of this Act." Rather than "subsequent to January 1, 1959."

Then there will be no question about it. It would be notice to the world that from here on if other countries expropriate any property the President shall proceed to take action. In other words, it would cover nothing in the past. That certainly should remove the objection, yet accomplish the purpose we want to accomplish.

The PRESIDING OFFICER. The Senator has a right to modify his own amendment.

Mr. AIKEN. Mr. President, does the Senator mean the language would apply only to property acquired after the passage of the act?

Mr. BRIDGES. Yes.

Mr. FULBRIGHT. I believe the Senator means it would apply only to property expropriated.

Mr. BRIDGES. Yes; to property acquired by expropriation.

Mr. AIKEN. No. To property acquired by American citizens after the passage of the act.

Mr. BRIDGES. No. I refer to the expropriated property.

Mr. AIKEN. Can the Senator think of an example where the language would apply and where the President would be justified in applying the sanction?

Mr. BRIDGES. I can think of many instances.

Mr. AIKEN. Would the Senator name a few, for the RECORD?

Mr. BRIDGES. I am not going to state them now, because I think it might endanger our relations.

I think this will be a notice to the world that any country which engages in expropriation and acquisition of property after the enactment of this bill will be subject to withdrawal of any aid by the President of the United States.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. FULBRIGHT. Mr. President, I do not wish to labor the point. We discussed it quite thoroughly in our debate the other day, as I have said, as shown on page 11452 of the RECORD.

I can see no substantial difference between this amendment and the other amendment; however, the Presiding Officer has ruled on that question.

I wish to invite attention of Senators to subsection (2) of section 503 of the act. The Senator from New York referred only to the first subsection. But I think subsection (2), which states that if the President determines the furnishing of assistance to any nation under any provisions of the act would no longer contribute effectively to the purposes for which such assistance is furnished, is clearly broad enough in meaning to give the President authority to terminate aid to any country acting arbitrarily in this manner. Our Government recognizes, certainly, the power of countries to nationalize property. We do business with and are on the best of terms with some countries which do nationalize property, certain property within their jurisdiction, not specifically property of Americans. These countries do it as a national policy—a part of a broad governmental action.

My principal objection to the amendment is not as to its purpose. I think we should do everything reasonable to protect our nationals' interest abroad through the established diplomatic channels, through treaties, or through any other method of that kind which is provided for that purpose. What I object to is taking a bill which professes to be, in the statement of policy, a bill which is to assist our friends in military matters, as with respect to NATO countries, and to assist in developing the underdeveloped countries, and using the bill as an adjunct of a policeman's function; that is, to try to force recipient countries to do this or that in connection with their national policies.

I think this is the ultimate in attaching strings to the aid program. I think the other countries would resent it. It would obviously apply, if it applied at all, only to the small, weak countries which would not be able to defend themselves through the usual diplomatic channels. We would, by adopting the amendment, seek to threaten those countries. I think it would have the effect I have already mentioned, of making many of those countries resent the program. They would refuse to participate in the program. Of course, some persons who are opposed to the bill think that would be all to the good.

After all, the principal purpose of the bill is not to benefit the recipient countries, but to benefit this country, which has a national interest in the whole program and in seeing it succeed.

I think there are far better ways, more efficient ways, and less objectionable ways of achieving the purpose desired than the sponsors of the amendment have in mind in seeking to attach the amendment to the bill.

Mr. President, I yield back the time remaining to me.

Mr. BRIDGES. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. All time has expired.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

All time having expired or having been yielded back, the question is on agreeing to the modified amendment offered by the Senator from New Hampshire [Mr. BRIDGES] for himself and the Senator from South Carolina [Mr. JOHNSTON] to the committee amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. McCARTHY], the Senator from Montana [Mr. MURRAY], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

On this vote, the Senator from Minnesota [Mr. McCARTHY] is paired with the Senator from Texas [Mr. YARBOROUGH]. If present and voting, the Senator from Minnesota would vote "nay" and the Senator from Texas would vote "yea." I further announce that if present and voting, the Senator from Louisiana [Mr. LONG] and the Senator from Montana [Mr. MURRAY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from New Jersey [Mr. CASE] is absent by leave of the Senate because of a death in his family.

The result was announced—yeas 59, nays 32, as follows:

YEAS—59

Allott	Ellender	Martin
Bartlett	Engle	Morse
Beall	Ervin	Morton
Bennett	Frear	Mundt
Bible	Goldwater	Neuberger
Bridges	Gruening	Pastore
Butler	Hartke	Robertson
Byrd, Va.	Hickenlooper	Russell
Byrd, W. Va.	Hill	Saltonstall
Cannon	Hruska	Schoeppel
Capehart	Humphrey	Smith
Case, S. Dak.	Jackson	Stennis
Church	Johnston, S.C.	Symington
Cooper	Jordan	Talmadge
Cotton	Keating	Thurmond
Curtis	Kerr	Wiley
Dirksen	Kuchel	Williams, Del.
Dodd	Lausche	Williams, N.J.
Dworshak	McClellan	Young, N. Dak.
Eastland	McGuire	

NAYS—32

Aiken	Hayden	Monroney
Bush	Hennings	Moss
Carlson	Holland	Muskie
Carroll	Javits	Prouty
Chavez	Johnson, Tex.	Proxmire
Clark	Kefauver	Randolph
Douglas	Kennedy	Scott
Fulbright	Langer	Smathers
Gore	McGee	Sparkman
Green	McNamara	Young, Ohio
Hart	Mansfield	

NOT VOTING—7

Anderson	McCarthy	O'Mahoney
Case, N.J.	Murray	Yarborough
Long		

So the modified amendment offered by Mr. BRIDGES, for himself and Mr. JOHNSTON of South Carolina, to the committee amendment was agreed to.

Mr. DIRKSEN. I move that the Senate reconsider the vote by which the amendment was agreed to.

Mr. BRIDGES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Oregon.

The LEGISLATIVE CLERK. It is proposed, on page 28, after line 24, to insert the following:

SEC. 552. DISCRIMINATION AGAINST CERTAIN AMERICAN CITIZENS.—It is the sense of Congress that no assistance should be furnished under this act to any nation which as a matter of declared policy or practice, as determined by the President, creates distinctions because of their race or religion among American citizens in the granting of personal or commercial access or any other rights otherwise available to United States citizens generally.

Mr. MORSE. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, on July 25, 1956, it was my honor to be the floor leader in the Senate as member of the Foreign Relations Committee on a resolution originally submitted by the former Senator from New York, Mr. Lehman. This amendment had been modified by the Foreign Relations Committee. I

have modeled my amendment today after that resolution.

The resolution of July 25, 1956, unanimously adopted by the Senate of the United States reads as follows:

Whereas the protection of the integrity of United States citizenship and of the proper rights of United States citizens in their pursuit of lawful trade, travel, and other activities abroad is a principle of United States sovereignty; and

Whereas it is a primary principle of our Nation that there shall be no distinction among United States citizens based on their individual religious affiliations and since any attempt by foreign nations to create such distinctions among our citizens in the granting of personal or commercial access or any other rights otherwise available to United States citizens generally is inconsistent with our principles: Now, therefore, be it

Resolved, That it is the sense of the Senate that it regards any such distinctions directed against United States citizens as incompatible with the relations that should exist among friendly nations, and that in all negotiations between the United States and any foreign state every reasonable effort should be made to maintain this principle.

The sad fact is that the principle of nondiscrimination contained in the Lehman 1956 resolution is not being maintained. The sad fact is that unfair discriminations and distinctions against American citizens of certain races and religions continue. The sad fact is that when they continue and when we countenance their continuance, as we in fact are doing, we are not keeping faith with a very basic principle of our democracy. We are not keeping faith with the American ideal of nondiscrimination based upon race or religion.

We put ourselves in a very embarrassing position in the councils of the world, because hundreds of millions of people in the world still have to be won over to the cause of freedom. We must win their minds to the cause of freedom.

What do they throw back in our faces as we talk to them about American ideals? The fact that we countenance discrimination; that we give support, that we actually give financial support, to the nations under our foreign aid program which discriminate against our citizens because of their race and religion.

I say the time has come to call a halt to this discrimination against our citizens. The time has come for us to make clear that we meant it in 1956 when the Senate unanimously adopted this resolution. The time has come for us to make clear that we are not going to give aid or assistance to nations which discriminate against any of our citizens because of their race or their religion.

Mr. President, we must set this example for the benefit of every man and woman in the world as proof that we mean it when we say that we will not put any of our citizens in a situation where they will have to suffer second-class citizenship abroad because some nation exercises a discriminatory policy against them.

A foreign nation has a right to do that if it wants to. I will not interfere with the sovereign right of any nation which at present is discriminating against

American citizens because of their race or religion. But I will not sit in this Chamber and fail to attempt to pass an amendment aimed at protesting and ending such discrimination. I do not think we should continue to pour the dollars of American taxpayers into such countries by way of foreign aid assistance when those countries follow a course of action which is an affront to every American citizen. Their discriminations are an affront not only to those of the particular race or religion against which the discrimination is being practiced but to the American people.

The Senate knows that this is not the first time I have spoken on this subject matter during my 15 years in the Senate. I have said before, and I repeat today, that there never was an American airbase on any foreign soil which was worth keeping there at the expense of this principle of American freedom. I have said that, in my judgment, it is an insult to the American flag flying over such an airbase as the one we have in Saudi Arabia for the United States to countenance a policy that our flag cannot fly there unless we exclude Jewish soldiers and airmen from our military force on the base. Such a mandate from the country in which that airbase is located, namely, that no American citizen of a certain race or religion can serve in our country's uniform under our flag on that base in Saudi Arabia is intolerable.

I have said several times in the Senate, and I repeat today, that it would have been much better if we had never located that airbase in Saudi Arabia. But having located it there, if this unconscionable, discriminatory policy was to be followed by that nation, we should have lowered the flag and taken it from that base and given up the base. We should have withdrawn our forces rather than, in my judgment, desecrate the flag, as it has been desecrated, every hour it has flown over that base under an ultimatum that we cannot put in uniform any Jewish citizen and send him there to serve under his flag.

There was a time in our history when our Government would not do that. There was a time in our history, as I have said in previous speeches in the Senate, when the U.S. Government made clear to foreign powers that we would not tolerate a policy which discriminated among our own citizens on the basis of race or religion.

Oh, the argument is made that we need those bases because we must be in a position to strike Russia. I deny that there ever was a time, from the standpoint of alleged military necessity, when we have ever needed such a base. I say further that I have such confidence in the military strength of this Republic that there never was a time when we could justify, even on the ground of military expediency, the maintaining of a base in a country which denied full citizenship rights to every American irrespective of his race or his religion.

In the great fight we have to wage in the decades ahead, the United States must make it perfectly clear that we do not intend to barter away the full citizenship rights of a single American

under any foreign aid program in return for a base or in return for any other benefit which another country will give us if only we will deny or blind ourselves or look the other way when it comes to the question of giving full constitutional protection to every American citizen irrespective of his race or religion.

I have talked about this matter at great length heretofore in the Senate. The Members of this body know my position. They know that the senior Senator from Oregon means it when he says he will never walk out on this fundamental principle of full constitutional citizenship for every American. I do not propose to let any foreign power dictate to us, as is being done and will continue to be done so long as we suffer this unconscionable compromise of citizenship rights to be foisted upon any American citizen.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DOUGLAS. I congratulate the senior Senator from Oregon for his amendment. I should like to ask one or two questions to point up the matter of policy.

I understood the Senator from Oregon to say that substantially this amendment was adopted by the Senate in 1956.

Mr. MORSE. Substantially the policy of my amendment was adopted in 1956. I read to the Senate the revised Lehman resolution, which was unanimously agreed to. Since some Senators have come into the Chamber since I began my statement, I shall repeat the latter part of the resolution which reads:

Resolved, That it is the sense of the Senate that it regards any such distinctions directed against U.S. citizens as incompatible with the relations that should exist among friendly nations, and that in all negotiations between the United States and any foreign state every reasonable effort should be made to maintain this principle.

All I say now is that wherever that principle is not maintained, no foreign aid should be given.

Mr. DOUGLAS. Of course, the country to which the Senator from Oregon refers is Saudi Arabia. Is it true that the Eisenhower administration has continued to make large grants of foreign aid to Saudi Arabia since the resolution was adopted?

Mr. MORSE. Yes; the administration has made substantial grants to Saudi Arabia.

Mr. DOUGLAS. Is it not true that the present administration has completely disregarded the policy statement approved by the Senate?

Mr. MORSE. No; I do not think it has been exactly disregarded. I have talked with representatives of the State Department about it.

Although I shall word my remarks so that I will not be violating any matter of confidence, I may say that the State Department officials with whom I have talked are very sad about the situation. They have said to me, "There is no doubt you are right as a matter of principle. But we are confronted, in effect, with a problem of expediency."

I do not "buy" that. I do not think we can ever justify sacrificing a great principle for expediency.

Mr. DOUGLAS. Is it not also true that the ruler of Saudi Arabia visited the United States after the resolution was adopted by the Senate?

Mr. MORSE. Yes.

Mr. DOUGLAS. Is it not also true that he was received with honors which theretofore had almost never been given to a reigning monarch?

Mr. MORSE. He was extended every possible courtesy and consideration that a visiting monarch could receive.

Mr. DOUGLAS. Is it not true that the President of the United States, for almost the first time, went to the airport to greet the King of Saudi Arabia in person?

Mr. MORSE. I do not recall that detail.

Mr. DOUGLAS. I think that is true.

Mr. MORSE. But I recall that certainly there was an unrolling of the red carpet.

Mr. DOUGLAS. Is it not true that the amounts of foreign aid to Saudi Arabia were actually increased?

Mr. MORSE. Again, I shall not testify unequivocally on the basis of my recollection. But I say we are maintaining a substantial foreign aid program in Saudi Arabia, and that is what I am objecting to.

Mr. DOUGLAS. Does the Senator from Oregon believe that the administration would follow the wishes of the Senate or the Congress any more fully in 1959 than it did in 1956?

Mr. MORSE. If we make this provision a matter of law, I think the chances are fairly good that the administration will be more inclined to follow it.

Mr. DOUGLAS. Are not there escape clauses behind which the administration could lurk?

Mr. MORSE. Perhaps so, if it wished to act in bad faith. But I shall not assume that the administration would wish to act in bad faith, once the representatives of the people made the matter as definite as I would make it by means of this amendment to the bill. In that event, it would no longer be the subject of a resolution; it would be included in a bill which would become a statutory enactment.

Mr. DOUGLAS. In other words, the Senator from Oregon thinks, does he, that the enactment of such a bill would have more controlling force upon the administration than would a resolution not connected with the foreign aid bill?

Mr. MORSE. I believe it would be more effective.

Mr. DOUGLAS. I thank the Senator from Oregon.

Mr. BARTLETT. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. BARTLETT. Mr. President, the proposal of the Senator from Oregon and his powerful speech should elicit support for his amendment by the overwhelming majority of the Members of the Senate; and my vote will contribute to that result.

Mr. MORSE. I appreciate that statement by the Senator from Alaska.

Mr. President, I yield the floor.

Mr. COOPER. Mr. President, will the Senator from Arkansas yield 4 minutes to me?

Mr. FULBRIGHT. I yield 4 minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 4 minutes.

Mr. COOPER. Mr. President, I wish to speak for a few minutes on the amendment, because it has deep meaning to me, as it does to the senior Senator from Oregon [Mr. MORSE].

At the outset, let me say that I appreciate the sincere motives which animate the Senator from Oregon in submitting the amendment; and he knows that I do.

Without question, the United States should do all possible to secure equal treatment for the citizens of our country, particularly our soldiers in every land. I know that the Senator from Oregon feels deeply about this, for I have watched the Senator from Oregon during his years of service in the Senate, and I know his convictions against discrimination. I share that feeling with him.

Nevertheless, we cannot escape the fact that our foreign aid program's chief purpose is to protect the security of our country. Unpleasant though the facts referred to may be, and although they cause revulsion, we must recognize that these countries are sovereign, and that they establish their own laws. Perhaps our best means in such cases is by persuasion, rather than attempting to hold a club over their heads.

Furthermore, we would not proceed entirely with clean hands. Our own immigration policy discriminates against some peoples. We also recall the extremely unfortunate and unexcusable treatment accorded some of our citizens of Japanese birth or descent during World War II, when they were forced to leave their homes and their possessions. In addition, we know that in our country today there is discrimination against some of our own citizens. So I do not think we would come with clean hands, if we attempt to tell other countries what to do.

This is an unhappy situation in which we have to balance the security of our country against practices which we do not like. I have stood constantly against discrimination in our country and in favor of full rights for all our people. But let us work here on our problems, and not intrude them into this bill. For this bill deals with the very security of our Nation.

I must oppose the amendment which has been submitted by my friend, the Senator from Oregon.

Mr. FULBRIGHT. Mr. President, I should like to endorse what the Senator from Kentucky [Mr. COOPER] has said.

All of us have great sympathy for the objective of the Senator from Oregon in offering the amendment. None of us approves of discrimination or bigotry which may exist anywhere in the

world—either in our own country or in any other country.

But I submit, as the Senator from Kentucky has said, that this amendment is not the way to approach that problem.

I have often stated, both in this body and out of it, that I think our own Supreme Court has sought to force matters which should properly be left to education and persuasion. Matters involving the mores of a community cannot be forced in any such fashion, even internally, where the Government of our country has power. Certainly in this case the amendment proposes a very inappropriate way to approach the problem.

In my opinion, the basic assumption of the amendment is erroneous—namely, that the purpose of our airbase in Saudi Arabia is for the benefit of the Saudi Arabians. Actually, we have our airbases there in our own interest, not in the interest of the Saudi Arabians.

Any discriminations practiced there against our citizens are not practiced because they are American citizens, but are practiced for other reasons. In other words, the Saudi Arabians have ideas similar to some which exist in our country. The Senator from Kentucky has referred to the discrimination practiced in our own country in the case of our immigration laws. For years we have had quotas, and for years we have limited immigration of certain races.

I think the Senator from Oregon would not say that even today the United States is without similar tendencies.

So I think it would be very self-righteous for us to seek to impose such a condition. The response would be, "You must mean to do likewise, yourself, or else you would not seek to impose this on others."

For example, I understand that Iceland will not admit Negroes—not only American Negroes, but any Negroes. So I suppose this amendment would require that we end our relations with Iceland.

I am told that Norway will not admit Jesuits. So if an American Jesuit applied for admission to Norway, and were refused admission, I suppose this amendment would require us to sever our relations with Norway—and so on, around the world.

I believe it would be too bad to use an economic assistance bill in an endeavor to solve the moral problems of the world. I do not think it is the proper vehicle by which to approach this problem, regardless of the fact that the problem is a most serious one and that we should do, in the proper manner, all we can to minimize the weaknesses or failings of human nature anywhere.

Another glaring example would be India, I suppose. Certainly we do not approve of the concept of untouchability, as it exists in India. I do not know whether any of our own nationals happen to be of those classes. We know that some of our citizens are of the Indian race. A very respected and extremely able Member of the House of Representatives is of the Indian race, although I do not happen to know the class to which he belongs.

In any case, I believe it would be wholly unwarranted and unjustified for us to seek by this means to remedy or correct something of which we disapprove in any foreign country.

So I hope the Senate will reject the amendment.

Mr. President, I yield back the remainder of the time under my control.

Mr. MORSE. Mr. President, how much time remains under my control?

The PRESIDING OFFICER. One minute.

Mr. MORSE. Mr. President, I shall state very quickly that the argument of the Senator from Arkansas adds up, in my opinion, to an argument that the existence of other wrongs means that we should permit wrongs to be continued to be committed against our own citizens. It is the old argument that if we cannot accomplish everything, we should not try to accomplish anything.

I believe we have the duty of demonstrating to the world that we are going to do all we can to end any such intolerable discriminations anywhere against citizens of the United States.

At this time I yield to the Senator from New York.

Mr. JAVITS. Mr. President, it is my intention to submit an amendment in the nature of a substitute for the amendment of the Senator from Oregon, so we may have a little more time in which to engage in debate, if the Senator from Oregon is willing to have me do that.

Mr. MORSE. Mr. President, at this time I yield back the remainder of the time under my control.

Now the Senator from New York can offer his amendment in the nature of a substitute; and it will allow us more time for debate.

Mr. JAVITS. Then, Mr. President, I submit an amendment in the nature of a substitute for the amendment of the Senator from Oregon.

The PRESIDING OFFICER. The substitute for the Morse amendment to the committee amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to amend the amendment by striking out the words "no assistance may be furnished under this act" and substituting the words "It is the sense of the Senate that assistance should not be furnished under this act."

Mr. MORSE. Mr. President, if the Senator will yield for a question, when the Senator states, "It is the sense of the Senate," I point out to him that, of course, we shall be in conference, and we shall then have the problem of the House's point of view. From a parliamentary standpoint, the Senator from New York having served in the House, the language I think might be changed to read, "It is the sense of Congress."

Mr. JAVITS. Mr. President, I ask that my amendment be so modified to state "It is the sense of Congress."

The PRESIDING OFFICER. The Senator has the right to modify his amendment.

Mr. JAVITS. If I may be recognized for 5 minutes, I should like to be heard.

The PRESIDING OFFICER. The Senator from New York is recognized for 5 minutes.

Mr. JAVITS. Mr. President, the reason for my presenting the modification is twofold; first to present it to the Senate, and, second, to give us a little more time to talk about the subject matter, because I believe it deserves a little more consideration.

There is no question about the fact that the discriminations which have been practiced, specifically in Saudi Arabia and perhaps in other countries, have been most distasteful to, I think, the great body of the American people, and certainly distasteful to American tradition. At the same time, the very people who are most concerned with the question are the ones most ardently interested in a program of mutual security to maintain the peace, and, I think—and this is only my judgment—are the ones most interested in seeing that our Government, within the limits of constitutional freedom, has as much flexibility and as much power as humanly possible to cope with the menace which would be the first to extinguish the very minorities who suffer under this human indignity. When I use the word "indignity" I think I use the strongest word the situation requires, because this is a question in the first instance of human dignity.

How do we reconcile those two propositions? The modification which I have sent to the desk—and I am sure my friend from Oregon will indulge me while I say this—I showed to the Senator from Oregon, and asked him this question, which I want to put on the RECORD, "Would you consider this unfriendly"? Really, the Senator from Oregon must be applauded for the initiative in placing before us a matter which involves a fundamental human dignity in terms of minorities in this country and in terms of the traditions of our country.

I put the substitute forward because I think we do not have much opportunity to think about it. I certainly did not. It may be the way in which to bridge this gap.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JAVITS. Certainly.

Mr. MORSE. I have studied the Senator's suggestion. What I am seeking to do is to put our President and our State Department in the strongest possible bargaining position in regard to this matter.

If the Senator will permit me to do so, I ask unanimous consent that I may be allowed to modify my amendment by accepting the Senator's language as a part of my amendment, so that, if the Senator will follow me closely, instead of providing that no assistance may be furnished, the amendment will read, "It is the sense of the Congress that no assistance shall be furnished."

Mr. JAVITS. "Should be furnished." I used the word "should."

Mr. MORSE. "No assistance should be furnished"?

Mr. JAVITS. That is the language of my substitute.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon?

Mr. MORSE. I ask unanimous consent to modify my amendment accordingly.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. I am very grateful to my colleague. I think I need say no more except to express a hope. I hope that under the circumstances the amendment will be accepted by the very distinguished Senator from Arkansas, who is as much a friend—whatever may be his position on this amendment, and I do not know what it will be, but I will affirm now that he is as much a friend—of human dignity and the rights of every member of a minority race or religion as is anyone.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Kansas.

Mr. CARLSON. I wonder if I may inquire if the amendment of the Senator from Oregon, as modified by the Senator from New York, is not the same language which was adopted by the Senate in 1956.

Mr. JAVITS. Exactly. It is a reiteration of the Lehman resolution. That is why I said I hoped—and I said in advance—that whatever the position of the Senator from Arkansas may be, he is as much a friend of what we are trying to achieve as is anybody—he would consider taking this amendment to conference.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. MORSE. The Lehman amendment in 1956 originally contained language similar to the language the Senator from Oregon offered on the floor today, which the Senator from Oregon, after discussion in the Foreign Relations Committee in 1956, modified so we could get unanimous Foreign Relations Committee support of it. We took out the mandatory language. I am willing to do it again for another period of time. I am serving notice that if we cannot make progress on this matter in the future, I shall again press for mandatory language.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. KENNEDY. The Senator mentioned Saudi Arabia. What would be the effect of that language on bases in Iceland, for example?

Mr. JAVITS. It would put the responsibility on the President to decide, according to his deepest good conscience, or on the basis of national interest, to do what he thinks must be done about the situation. It would be another notice and would bring it up to date, within the context of the mutual security bill. Second, it would be notice to the people of Saudi Arabia and their rulers and to the world itself of what Congress thinks. I believe the addendum put on the amendment by the Senator from Oregon is sound. The amendment sets forth our position as of today, and I hope we will see a little progress. We have not seen much. I think in the present status, the amendment can be useful.

The PRESIDING OFFICER. The amendment in the nature of a modifi-

cation of the Senator from New York has been accepted by the Senator from Oregon. All time on the amendment has expired.

Mr. KENNEDY. Mr. President, I ask unanimous consent to have 2 minutes on the bill in order that I may ask a few more questions, so we may know the meaning of the amendment.

The PRESIDING OFFICER. Does the Senator from Arkansas yield 2 minutes on the bill?

Mr. FULBRIGHT. I yield 2 minutes on the bill.

Mr. KENNEDY. Is it possible to have the amendment in its present form, as amended, read?

The PRESIDING OFFICER. The clerk will read the amendment as modified.

The LEGISLATIVE CLERK. It is proposed, on page 28, after line 24, to insert the following:

SEC. 552. DISCRIMINATION AGAINST CERTAIN AMERICAN CITIZENS.—It is the sense of Congress that no assistance should be furnished under this Act to any nation which as a matter of declared policy or practice, as determined by the President, creates distinctions because of their race or religion among American citizens in the granting of personal or commercial access or any other rights otherwise available to United States citizens generally.

Mr. JAVITS. Mr. President, in response to the question of the Senator from Massachusetts, having provided that it is not mandatory, that it is what we lawyers call a precatory request to the President. I think as to the refinements of language, since the language does not appear in the House bill, we can safely leave it to our conferees to see to it that the language carries out the intent as disclosed by our discussion. At least we have gotten the principle that it is not a mandatory proposition, but that the President may act in accordance with the sense of Congress.

Mr. NEUBERGER. Mr. President, may I ask a question of some Senator who is in charge?

Mr. FULBRIGHT. All time for debate on the amendment has expired.

Mr. NEUBERGER. Can the Senator from Arkansas give me some time from the time on the bill?

Mr. FULBRIGHT. If the Senator wants 2 minutes I can give him 2 minutes.

Mr. NEUBERGER. Mr. President, can I offer an amendment verbally?

Mr. FULBRIGHT. The Senator can offer an amendment.

Mr. NEUBERGER. Very well. I offer an amendment to strike out the last word.

The PRESIDING OFFICER. The amendment is not in order.

Mr. NEUBERGER. I am informed the amendment is out of order.

Mr. FULBRIGHT. The Senator can offer a substitute.

Mr. NEUBERGER. Mr. President, I offer an amendment verbally, to provide that no assistance shall be given to any country which censors the dispatches of American correspondents reporting overseas for a free press.

The PRESIDING OFFICER. The amendment is in order.

Mr. FULBRIGHT. That amendment is in order.

Mr. NEUBERGER. May I now speak to my own amendment?

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. NEUBERGER. Mr. President, I should like to point out to my colleagues what disturbs me about this whole situation. I do so with knowledge of the fact that I come from a religious group which is discriminated against by one of the countries which has been receiving aid; and, I might add, discriminated against most unjustly, most foully, most cruelly, and without any justification whatsoever being given.

However, the thing I wonder about is, should the foreign aid bill be used as a vehicle for us to reform the world? I might like to reform the world, but I doubt if 1 Senator, or 98 Senators, or even 100 Senators, which we soon will be, can reform the world.

If we are going to follow this procedure, why not add other amendments? Why not include my amendment? I think it is a good amendment.

May we have order, Mr. President, please?

The PRESIDING OFFICER. The Senate will be in order.

Mr. NEUBERGER. Mr. President, exactly as this country is founded on freedom of religion, which is a cornerstone of its existence, so it is founded on a free press. We have overseas distinguished journalists representing the free press of the United States. Their dispatches are censored. They are hounded and harried and spied on. One of my close friends, the late George Polk, was murdered in Greece. Should we not provide that no country should get aid if the country censors dispatches of our correspondents, murders free journalists like George Polk, and spies on, plagues, and hounds others?

What about sending aid to countries which practice bigamy? Bigamy is abhorrent to the American people, and to our institutions; to the sanctity of marriage, of the family, and of the home.

We could also refer to our great free Government, which this Senate represents. What about sending aid to countries which do not have a free parliamentary system like that of the United States, of Canada, and of Great Britain?

What about shipping aid to countries which have moral practices which we do not approve? What about France, which sent Marshal LaFayette to help us in America, at whose grave Col. C. E. Stanton said, when we landed with our expeditionary forces, "LaFayette, we are here"?

Do a great majority of the American people approve of the shows, books, customs, and some of the art of France? Of course they do not. That is shown by our own institutions, our mores, our folkways in this country every hour of every day.

So what about adding in a clause on moral behavior, with regard to the shows, the night clubs, the theater, and the literature of other countries?

It seems to me this could go on endlessly, and we could use the foreign aid

bill as a vehicle by which we seek to reform the world. I want to say, if we could reform the world I would be for doing it, but I do not think 98 Senators, or even 100 U.S. Senators, can reform this troubled old world of ours.

Mr. JAVITS. Mr. President, will the Senator yield to me momentarily?

Mr. NEUBERGER. I am happy to yield.

Mr. JAVITS. I am in deep sympathy with everything the Senator has said. The Senator will notice that notwithstanding the seductions of an expropriation amendment, I was one of those who voted against it, because I did not wish in any way to tie the hands of the President, if I could avoid it.

I feel there is a justification which the Senator has not mentioned. The fact is that the Senate did take action on this particular wrong, by resolution. Nothing has happened under that resolution. It seems to me, therefore, that support of this particular amendment could be justified by reiterating what we did before, in order to impress upon the administration we want some progress made. I think that is an argument which the Senator has not mentioned, but which is pertinent to the particular amendment before the Senate.

Mr. NEUBERGER. May I ask the Senator from New York a question? I think the Senator has made a very valid point, with respect to the Lehman resolution. I am sure the Senate on many occasions has experienced its support of a free press both here and overseas. Would the Senator accept my amendment, to provide that aid shall not be given to any country which censors dispatches of American correspondents overseas?

Mr. JAVITS. I think as a matter of consistency the Senator from New York would be compelled to do so, as well as the other moral amendments which the Senator mentions. However, I believe the Senator from Oregon would himself agree that those items do not quite have the backing of a resolution of the Senate, deliberately passed to deal with a demonstrated wrong, which the Senate felt was important enough to warrant a resolution, as to which nothing has been done. Therefore, this is, as we lawyers say, *sui generis*. This is a backing up of something we have already done. We have already made that decision.

Although morally, using the word "consistency," one would be compelled to go along with the argument of the Senator from Oregon, I think the Senator could vote for this amendment and not the others, because in doing so he would be backing up something already done, on which there has been no action, and he would be reiterating that he wants some action.

Mr. NEUBERGER. Mr. President, I ask for the yeas and nays on my amendment.

Mr. KEATING. Mr. President, will the Senator withhold his request for a moment?

Mr. NEUBERGER. I am happy to withhold it.

Mr. KEATING. Perhaps there are other Senators who feel, as I do, and who could go along with the general substance of what the distinguished Senator is suggesting, but certainly I would think the Senator would want to couch his amendment in terms which have been worked out as to the sense of the Congress. I believe the Senator would want to state it is the sense of the Congress that aid not be given, rather than to have a mandatory provision, in accordance with what has been done with regard to the previous amendment. It seems to me that my colleague from New York performed a service by suggesting an amendment to, or modification of, the amendment offered by the senior Senator from Oregon. We should not shackle the hands of the President or of ourselves in this area, but I think it is appropriate that we express the sense of the Congress.

I am sympathetic with the suggestion made by the junior Senator from Oregon concerning censorship.

Mr. NEUBERGER. I will say to the Senator from New York, I quite agree that the language offered by the distinguished senior Senator from New York is a great improvement, because it is not ironclad. It would not be a strait-jacket. It would permit a great deal of administrative flexibility in reaching these judgments.

Mr. KEATING. Would the Senator from Oregon be willing to modify his amendment to provide that it is the sense of the Congress, rather than that assistance shall not be given?

Mr. NEUBERGER. I should be happy to modify the amendment which I have offered in the form suggested by the junior Senator from New York.

Mr. KEATING. Can the Senator tell us how the amendment would read?

Mr. NEUBERGER. That it is the sense of the Congress, rather than that no aid shall be given.

Mr. KEATING. Inasmuch as we do not have the amendment in writing, would the distinguished Senator be willing to give us the complete amendment on which we are being asked to vote?

Mr. NEUBERGER. If I remember my amendment correctly, which I offered under somewhat emergency conditions, when pressed by my good friend from Arkansas, it was that no aid shall be given to any country which censors the dispatches of American correspondents representing the free press overseas. I would propose that the amendment be modified to conform to the language suggested by the two able Senators from New York, so that the amendment would provide it is the sense of the Congress that no aid shall be given under the circumstances described.

Mr. KEATING. I think that is a great improvement, and I commend the junior Senator from Oregon on his agility and his ability to act in an emergency.

Mr. NEUBERGER. I commend both Senators from New York for proposing a substitute which is a great improvement.

Mr. MORSE. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield 3 minutes to the senior Senator from Oregon.

Mr. MORSE. Mr. President, my colleague is free to offer any amendment he wishes to offer to the bill. I have no doubt that there are other amendments which are highly meritorious, and which I would support. However, I point out the significant distinction between my amendment and the amendment the junior Senator from Oregon is offering, and the distinction between my amendment and the subject matter of most of the other amendments he has suggested.

My amendment goes to citizenship rights of all Americans. It goes to constitutional rights of citizenship. A group of American citizens are being discriminated against, so far as the enjoyment of their full citizenship rights is concerned. That goes to a pretty basic constitutional right. I do not believe that we can justify denying to Americans an enjoyment of their full citizenship rights.

In my judgment, we have no right to fail to make it clear to Saudi Arabia, or any other country which wishes to discriminate against our citizens, that it has the sovereign right to do so, but that we have no intention of giving it assistance if it refuses to recognize the rights of American citizens.

The junior Senator from Oregon has offered some suggestions which might very well be framed into amendments to the bill, but they are not directly concerned with my amendment, in that they are not comparable to it. There is a great distinction between my amendment and the suggestions he makes. My amendment goes to a uniform citizenship protection of American citizens from discrimination on the part of any country which discriminates against certain of them because of their race or religion.

As was pointed out by a colleague, these discriminators go so far as to go through our Army personnel lists and make an investigation as to whether or not a boy sent over there is a Jew. We should not stand by and countenance that kind of discrimination against American citizens by pouring American dollars into the country which does it.

Therefore I press for my amendment, on the basis of the fact that we have modified it by striking the mandatory language, although I think the mandatory language would have been perfectly proper. If we do not make some headway with this nonmandatory language this time, I shall offer mandatory language the next time. I think we have so modified the amendment that we would place the President in a position to make clear to Saudi Arabia or any other country that it is the sense of the Congress of the United States that the discrimination practices against certain American citizens should stop.

Mr. NEUBERGER. Mr. President, I should like to know the parliamentary situation. What is pending before the Senate?

The PRESIDING OFFICER. The modified amendment of the junior Senator from Oregon is the pending question before the Senate. Does the Sen-

ator offer his amendment as a substitute?

Mr. NEUBERGER. I should like to ask that my amendment be made an addition to the amendment of the senior Senator from Oregon.

The PRESIDING OFFICER. An amendment to the amendment is in order.

Mr. NEUBERGER. Then I ask that my amendment, that it be the sense of the Congress that aid shall not be given to any country which censors dispatches of American correspondents representing the American press overseas, be made an addition to rather than a substitute for the amendment offered by the senior Senator from Oregon.

Mr. FULBRIGHT. Mr. President, I can only repeat what I have already said, that I think this poor, miserable bill, which has already been hacked to pieces, is a very inappropriate vehicle for this kind of amendment.

Of course I do not disapprove of the sentiments and objectives of either Senator from Oregon, but it is very inappropriate to try to use this bill to correct discrimination, either with regard to representatives of the press, or with regard to race or religion.

I hope the Senate will not further complicate what is left of the bill by adding this kind of amendment.

It is perfectly appropriate to adopt resolutions expressing this view, but I think it is wholly unacceptable to make such an amendment a part of a lending program.

Mr. President, I am ready to yield back the remainder of my time.

Mr. KENNEDY. Mr. President—

Mr. FULBRIGHT. Does the Senator from Massachusetts wish some time?

Mr. KENNEDY. I have an amendment at the desk.

Mr. FULBRIGHT. I do not believe a further amendment is in order.

Mr. KENNEDY. Mr. President, is it in order to offer a substitute for the modified amendment of the junior Senator from Oregon [Mr. NEUBERGER]?

The PRESIDING OFFICER. The amendment may be offered as a substitute, after the amendment of the junior Senator from Oregon has been acted upon.

Does the junior Senator from Oregon yield back the remainder of his time?

Mr. NEUBERGER. I yield back the remainder of my time.

Mr. FULBRIGHT. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the junior Senator from Oregon to the amendment of the senior Senator from Oregon.

The amendment to the amendment was rejected.

Mr. KENNEDY. Mr. President, to the amendment offered by the senior Senator from Oregon I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

Mr. KENNEDY. The proposed language will come at the conclusion of the amendment of the senior Senator from

Oregon [Mr. MORSE]. I propose to add: "Unless the President makes a determination, and so reports to Congress, that such a denial would adversely affect the security of the United States."

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. At the end of the Morse amendment it is proposed to add "unless the President makes a determination, and so reports to Congress, that such a denial would adversely affect the security of the United States."

Mr. LAUSCHE. Mr. President, would it be in order to ask that the complete amendment be read, as it will be acted upon in the event the amendment of the Senator from Massachusetts to the amendment of the senior Senator from Oregon is adopted? There seems to be some indication on the part of the clerk that the language used may be somewhat in conflict. What the Senator from Massachusetts has written is clear, but there may be conflicts because of the language contained in the original amendment and the language in the amendment to the amendment.

The PRESIDING OFFICER. Is there objection to the reading of the amendment of the senior Senator from Oregon, together with the amendment thereto, offered by the Senator from Massachusetts? The Chair hears none.

The LEGISLATIVE CLERK. On page 28 after line 24, it is proposed to insert the following new section:

SEC. 552. DISCRIMINATION AGAINST CERTAIN AMERICAN CITIZENS.—It is the sense of Congress that no assistance should be furnished under this Act to any nation which, as a matter of declared policy or practice, as determined by the President, creates discriminations because of their race or religion, among American citizens in the granting of personal or commercial access, or any other rights otherwise available to United States citizens generally, unless the President makes a determination, and so reports to Congress, that such a denial would adversely affect the security of the United States.

Mr. KENNEDY. Mr. President, I shall be very brief.

The language of the Lehman resolution, which initiated this movement several years ago, placed the Senate quite clearly on record as opposing this kind of discrimination.

I believe that the original language of the amendment of the senior Senator from Oregon goes a good deal further than the Lehman resolution, by making it mandatory to deny aid to any country practicing this kind of discrimination.

I believe that the language of the Senator from New York made the amendment somewhat less mandatory, but I think the President would find it extremely difficult to continue aid to any of these countries, regardless of the degree of national peril, if it were the sense of the Congress—which, after all, appropriates the money under this program—that no aid should be given to any of such countries.

The Senator from Arkansas [Mr. FULBRIGHT] has read to the Senate a list of three countries which discriminate against certain classifications of American citizens.

Saudi Arabia discriminates against Jews. It is my understanding that it also discriminates against certain clergymen.

Iceland discriminates against Negroes; and the Senator from Arkansas informs us that Norway discriminates against certain Catholic clergymen.

All those countries would receive some assistance under the terms of the bill—Norway as a member of NATO, Iceland because it has an important and significant base within its borders, and Saudi Arabia because it is considered that the base there is extremely important in case of military action.

I would regret to see the United States give assistance to any nation which practices such discriminations, but I believe this is an extremely dangerous time in the life of the Nation. Anyone who has read about the possibility of war breaking out in the Formosa Strait, or the possibility of military action in Berlin, must realize that. I do not wish to tie the hands of the President by the degree of restriction provided for by the language of the Senator from New York.

So the effect of the language now, with my amendment, would tend strongly to keep to the spirit of what the Senator from Oregon has proposed, but it would give an "out" to the President of the United States if he found that denying aid at this particular time to those three countries would affect the national security adversely. I am hopeful that this amendment will accomplish what the Senator from Oregon seeks to accomplish. Perhaps it does not do so as vigorously as he would desire, but I think that in the best way possible it squares the principles of fighting against discrimination and at the same time protecting the security of the United States.

Mr. NEUBERGER. May I ask the Senator a question?

Mr. FULBRIGHT. I yield to the Senator from Oregon.

Mr. NEUBERGER. The able Senator from Massachusetts has immeasurably improved the amendment by strengthening its effectiveness to protect the security of our country.

Is my understanding correct that the President of the United States might still find, in the event of emergency or crisis, that he might have to continue aid to certain nations notwithstanding the provisions of the amendment?

Mr. KENNEDY. If he found such denial would adversely affect the security of the United States, and so reported to the U.S. Congress.

Mr. NEUBERGER. He would have to make an affirmative finding that that was the case?

Mr. KENNEDY. Yes, and he would have to report it to the Congress.

Mr. MORSE. Will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Oregon.

Mr. MORSE. I do not share the Senator's interpretation of my original amendment. I think my original amendment leaves the President in a position where he would be greatly strengthened in his negotiations with Saudi Arabia, Norway, or Iceland.

But what I seek to do, after all, is to focus the attention of these discriminating countries upon the problem and the attitude of Congress with regard to discrimination; and I think we will accomplish something this year if we succeed in getting in the bill itself language which expresses that it is the sense of Congress that such discrimination should stop. Although I think the language of the Senator from Massachusetts [Mr. KENNEDY] greatly weakens my amendment, I am nevertheless going to accept it. I do so because I think there is preserved in my amendment what I set out to accomplish, namely, that we try to get on the statute books a statement of principle backed by Congress which shows that we resent this discrimination. My amendment will accomplish that end, even though we accept the language of the Senator from Massachusetts.

I have had a brief visit—and I am sure he would not object to my saying this—with the Senator from New York [Mr. JAVITS], and I have had a brief visit with the Senator from Alaska [Mr. GRUENING], both of whom have been of great help to me in regard to this matter. With their complete concurrence I wish to say I am willing to modify my amendment by accepting the language of the Senator from Massachusetts [Mr. KENNEDY]. However, I do so with this notice, that this is not intended to give to the President of the United States a green light. Accepting the Kennedy language does not mean that the President does not have to do any strenuous negotiating with any of the countries involved. I believe the President of the United States and the Secretary of State owe that obligation to all American citizens. He owes it to colored American citizens if Iceland is discriminating against them; to Catholic clergymen, if Norway is discriminating against them; and to Jews in the instance of Saudi Arabia discrimination.

It is my understanding, may I say to the Senator from Massachusetts, that there was a time when Saudi Arabia also discriminated against Catholic clergymen, but the last information I have received is to the effect that they are finding a way to accommodate themselves to Catholic clergymen.

If in fact they are accommodating themselves to Catholic clergymen then that is a good thing and a great improvement. Perhaps we can get more of an improvement if we give further notice through my amendment of our disapproval of discriminations against Jewish military personnel.

So, with the understanding that the President should realize we feel he must use his good offices to bring to an end this situation. I am willing to modify my amendment, if I can have unanimous consent to do so. I am willing to accept the language of the Senator from Massachusetts, and I ask for such unanimous consent.

The PRESIDING OFFICER. The request of the Senator from Oregon [Mr. MORSE] is for unanimous consent.

Mr. CASE of South Dakota. I object.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from New York.

Mr. JAVITS. Mr. President, I believe the Senator from Massachusetts [Mr. KENNEDY] has made a marked contribution to the debate and the result. I hope the amendment, as amended, will be adopted.

If the Senator will allow me, and yield for that purpose, as I should like to include a part of my remarks the Lehman resolution agreed to by the Senate in July of 1956, and to read the resolving clause, which will indicate we are reiterating what we did, and that we are making progress.

The resolving clause reads:

Resolved, That it is the sense of the Senate that it regards any such distinctions directed against United States citizens as incompatible with the relations that should exist among friendly nations, and that in all negotiations between the United States and any foreign state every reasonable effort should be made to maintain this principle.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York that Senate Resolution 323 be printed in the RECORD?

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

SENATE RESOLUTION 323

[Report No. 2790]

Whereas the protection of the integrity of United States citizenship and of the proper rights of United States citizens in their pursuit of lawful trade, travel, and other activities abroad is a principle of United States sovereignty; and

Whereas it is a primary principle of our Nation that there shall be no distinction among United States citizens based on their individual religious affiliations and since any attempt by foreign nations to create such distinctions among our citizens in the granting of personal or commercial access or any other rights otherwise available to United States citizens generally is inconsistent with our principles: Now, therefore, be it

Resolved, That it is the sense of the Senate that it regards any such distinctions directed against United States citizens as incompatible with the relations that should exist among friendly nations, and that in all negotiations between the United States and any foreign state every reasonable effort should be made to maintain this principle.

Mr. JAVITS. I think the amendment as amended will carry that principle through, and I hope the Senate will act favorably upon the addition of the Senator from Massachusetts, and upon the modified amendment of my colleague from Oregon.

Mr. LAUSCHE. Mr. President, may I have a minute to ask a question of the Senator from Oregon?

Mr. FULBRIGHT. I yield to the Senator from Ohio.

Mr. LAUSCHE. I am reading from the amendment as it is now pending before the Senate. It expresses the consensus of the Senate that no aid should be given to any nation which discriminates against an American—

Mr. MORSE. As a matter of policy or practice.

Mr. LAUSCHE. As a matter of policy or practice, but what does the Senator from Oregon comprehend to be included when he proposes that aid may be withheld when citizens are denied "any other

rights otherwise available to United States citizens generally"? I would interpret that language to mean the rights of a citizen as declared by the Constitution. Does his proposal mean that if any other right declared vested in a citizen by the Constitution of the United States is denied in a foreign nation the President may withhold aid?

Mr. MORSE. No; not when at the same time the right is denied to other U.S. citizens by the recipient country. It is limited to cases of singling out one group and saying that group of American citizens will be treated differently from the way other American citizens are treated.

Mr. LAUSCHE. What I have in mind is the point raised by the junior Senator from Oregon. The language is, "or any other rights otherwise available to United States citizens generally." If such rights are denied, that shall progressively constitute the basis of denying aid.

Mr. MORSE. I respectfully point out that the Senator is also overlooking the language "as determined by the President." That is the language in the amendment—"as determined by the President." That is why I said to the Senator from Massachusetts that I thought great leeway was given in the original wording of my amendment with respect to Presidential discretion, because my original wording was "as determined by the President." It will give the President leeway to consider whether or not the nations have, by a declared policy, adopted as a national program a discriminatory practice against the rights of some American citizens as contrasted to other American citizens.

Mr. LAUSCHE. Would it be a basis of denying aid if a foreign country refused to grant an American writer the privileges of free speech which he is accorded in the United States?

Mr. MORSE. In my judgment, no.

Mr. LAUSCHE. If the Senator has answered "no," then may I ask what types of denial are comprehended by the language "or any other rights otherwise available to United States citizens generally"?

Mr. MORSE. To use a specific example, let us take the matter of military service on the Dhahran base. When we say "other rights," we certainly take it for granted that all Americans serving in uniform ought to be treated the same by the country to which they are sent. The fact that some are Jews, or Negroes, or Catholics should be no justification for discrimination.

Mr. LAUSCHE. That is correct.

Mr. MORSE. That would fall under "other rights." That is the kind of situation it would cover.

Mr. CASE of South Dakota. Mr. President, will the Senator from Illinois yield me 1 minute?

Mr. DIRKSEN. I yield 1 minute to the Senator from South Dakota.

Mr. CASE of South Dakota. I wish to state for the RECORD why I objected to the unanimous consent request to modify the Morse amendment.

I do not think a foreign aid bill ought to be used as a vehicle to convert the President of the United States into a policeman for the morals of all the na-

tions which might be candidates for aid under the Mutual Assistance Act. So I shall vote against the amendment in its present form.

I objected to the modification of the amendment because I thought that to say that the President might waive discrimination in cases where he found it was important to the security of the United States would be to make the President and the United States hypocrites in applying our standards of morals to the whole world.

Mr. CLARK. Mr. President, will someone yield me time?

Mr. FULBRIGHT. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Arkansas has 6 minutes remaining.

Mr. CLARK. Mr. President, will the Senator yield me 1 minute?

Mr. FULBRIGHT. I yield 1 minute the Senator from Pennsylvania.

Mr. CLARK. I should like to inquire of the Senator from Arkansas whether if the Kennedy modification is adopted the Senator from Arkansas would be willing to take to conference the amendment of the Senator from Oregon, as amended.

Mr. FULBRIGHT. I have stated my personal opposition to any such amendment as this, the bill being an inappropriate place to attach such an amendment. However, the modification proposed by the Senator from Massachusetts certainly improves the amendment of the Senator from Oregon.

In order to resolve this matter, which apparently will tie us up indefinitely, I am willing to accept the amendment as modified by the Senator from Massachusetts, because I think it leaves the President plenty of discretion in the application of the amendment.

We have not nearly exhausted the examples of the possibilities of difficulty under this amendment. I recalled, as I sat here, that it was not too long ago that there was trouble in Spain because of the activities of some Baptist missionaries. There was similar trouble in Italy.

I think similar examples can be found in almost every country. Americans are very active, and when they go forth to seek to convert other people to our way of life, they run into and have friction with the local traditions and concepts of a good way of life.

So all kinds of troubles are inherent in this kind of amendment. However, in order to reach some solution of this very difficult problem, I am disposed to take to conference the amendment of the Senator from Oregon as modified by the Senator from Massachusetts.

Mr. CLARK. I thank the Senator from Arkansas. I hope the Senate will adopt the Kennedy amendment, and that we can agree without further delay to the Morse amendment, as amended, and take it as amended to conference.

The PRESIDING OFFICER. Do the Senators in control of the time yield back the remaining time?

Mr. FULBRIGHT. I yield back the remainder of my time.

Mr. KENNEDY. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts [Mr. KENNEDY] to the amendment of the Senator from Oregon [Mr. MORSE] to the committee amendment.

Mr. CASE of South Dakota. Mr. President, how was the amendment offered?

The PRESIDING OFFICER. It was offered as an amendment to the amendment of the Senator from Oregon to the committee amendment. (Putting the question.)

Mr. KENNEDY's amendment to Mr. MORSE's amendment to the committee amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Oregon, as amended, to the committee amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Pennsylvania will state it.

Mr. CLARK. I am wondering whether in view of the agreement to the amendment of the Senator from Massachusetts to the amendment of the Senator from Oregon to the committee amendment, the Senator from Oregon would be disposed to withdraw his request for the yeas and nays. I realize that he has a complete right to insist on them if he sees fit.

Mr. MORSE. Mr. President, I always try to cooperate with my colleagues by extending them every possible courtesy. I well understand the variety of reasons why Senators would like me to ask unanimous consent to withdraw my request for the yeas and nays on my amendment.

So far as I am concerned, I am perfectly willing to have the yea-and-nay vote go forward, although several Senators have suggested to me that if the Senator from Arkansas would take the amendment to conference, there would be no need for a yea-and-nay vote.

However, there is one phase of the matter which concerns me. I do not engage in empty gestures. I do not want to have this amendment go to conference and then have it said that because there was no yea-and-nay vote in the Senate, it is not known how substantial the vote in favor of the amendment was.

Mr. CLARK. The Senator from Oregon will understand the inconsistency of my position if he will recall that only 10 days ago I insisted on having a yea-and-nay vote after the chairman of the Committee on Finance had agreed to take my amendment to conference. But I thought the action would be helpful.

Mr. MORSE. I am not inclined to withdraw the request for the yeas and nays, and I shall not do so. I will tell Senators why I shall not do so.

I like the Senator from Arkansas, but I have noted his apparent lack of enthusiasm about taking the amendment to conference. I think the position of my amendment might be

strengthened in conference if a yea-and-nay vote were had on it. So I will ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from Montana [Mr. MURRAY], are absent on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

The Senator from West Virginia [Mr. RANDOLPH] is necessarily absent in West Virginia.

I further announce that, if present and voting, the Senator from Minnesota [Mr. MCCARTHY], the Senator from Montana [Mr. MURRAY], and the Senator from West Virginia [Mr. RANDOLPH] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from New Jersey [Mr. CASE] is absent by leave of the Senate, because of a death in his family. If present and voting, the Senator from New Jersey would vote "yea."

The result was announced—yeas 43, nays 47, as follows:

YEAS—43

Bartlett	Ellender	McNamara
Beall	Engle	Magnuson
Bible	Goldwater	Morse
Bridges	Gruening	Moss
Byrd, W. Va.	Hart	Mundt
Cannon	Hartke	Muskie
Capehart	Hruska	Neuberger
Carroll	Humphrey	Pastore
Chavez	Jackson	Proxmire
Church	Javits	Scott
Clark	Keating	Symington
Cotton	Kennedy	Williams, N.J.
Curtis	Kerr	Young, Ohio
Dodd	Lausche	
Douglas	McGee	

NAYS—47

Alken	Green	Prouty
Allott	Hayden	Robertson
Bennett	Hennings	Russell
Bush	Hickenlooper	Saltonstall
Butler	Hill	Schoeppel
Byrd, Va.	Holland	Smathers
Carlson	Johnson, Tex.	Smith
Case, S. Dak.	Johnston, S.C.	Sparkman
Cooper	Jordan	Stennis
Dirksen	Kuchel	Talmadge
Dworschak	Langer	Thurmond
Eastland	McClellan	Wiley
Ervin	Mansfield	Williams, Del.
Frear	Martin	Yarborough
Fulbright	Monroney	Young, N. Dak.
Gore	Morton	

NOT VOTING—8

Anderson	Long	O'Mahoney
Case, N.J.	McCarthy	Randolph
Kefauver	Murray	

So Mr. MORSE's amendment, as amended, to the committee amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the Senate rejected the amendment, as amended, to the committee amendment.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. MORSE. Mr. President, I send to the desk an amendment to the committee amendment, and ask to have it stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Oregon will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 15, in line 11, before the closed quotation mark, to add the following sentence:

No military assistance may be furnished to any country in Latin America which, in the judgment of the President, has a totalitarian form of government.

Mr. MORSE. Mr. President, I shall speak briefly on this amendment.

In accordance with my understanding with the majority and minority leaders, I shall ask for a division, and not a ye and nay vote, because I had agreed to ask for only two ye and nay votes.

Mr. President, Senators have heard me express previously the point of view that of the many reasons for bad American-Latin American relations, the most causative reason of all is American military aid to dictatorships in Latin America.

As a member of the Foreign Relations Committee Subcommittee on Latin American relations, I so testify on the basis of a considerable amount of information that comes through that subcommittee, and I so testify on the basis of many memoranda and conferences that I have had as chairman of that subcommittee on Latin American relations.

There is no doubt about the fact that we made a great mistake for many years in supplying military aid to Batista in Cuba, who conducted what amounted to a fascist regime. He followed totalitarian procedures that kept down freedom. Finally, there was a revolt against him. There is no doubt of the fact that while dictator of Cuba, he used American arms supplied him by the American Government under our military aid program to help keep himself in power.

I need only call attention to the testimony of the Assistant Secretary of State, Mr. Rubottom, at a public hearing, which is a matter of printed record, back in early 1958, in which he admitted, under cross-examination, that Batista was strengthened in Cuba as the result of the shipments of American arms to him.

Partly as a result of that hearing, I am sure, the State Department in March 1958, dispensed with further shipments of arms to the Batista regime. But Batista is not the only dictator to whom we supplied arms in Latin America.

Let me say the shipment of such arms does us great damage in the international councils of the world. We go about talking of strengthening freedom, and at the same time we supply military arms for dictators to use those arms to keep freedom down.

What my amendment seeks to do is make a statement of policy. It leaves discretion in the President, as I think it should. It states that:

No military assistance may be furnished to any country in Latin America which, in the judgment of the President, has a totalitarian form of government.

I think we must bring to an end the policy of the United States of supporting

totalitarian forms of government in Latin America.

Mr. President, I ask for a vote on this question of policy. If I had not had an understanding with the majority and minority leaders, I would have asked for the yeas and nays on my amendment, because it is a matter which should be of record by way of a rollcall. But I keep my word, and therefore, after the opposition has had its say, I shall call for a quorum, if there are not very many Senators present, and then ask for a division.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MONRONEY. I have listened with interest to the discussion on the amendment. I wonder if there is any justification for sending any arms to Latin America.

Mr. MORSE. Let me say to the Senator from Oklahoma that, in my judgment, there is not, except in those instances in which it can be said we have a joint enterprise in reference to hemispheric defense, such as maintaining a submarine base or an air facility or a missile tracking station. In the instances of hemispheric defense projects such as those just mentioned there is no question about the fact that arms sent for those purposes cannot be used by the government to maintain so-called internal order. Remember that it is under the guise of keeping down internal disorder that time and time again American weapons have been used to keep down people who want to struggle for freedom. I refer particularly to small arms such as pistols, machineguns, artillery, tanks, and so forth, which we have supplied many countries in Latin America.

I am perfectly willing, in a limited area, to have provision for a joint hemispheric defense program with Latin American countries.

Let me say very quickly in our committee I first proposed that we reduce military aid to Latin American countries to \$50 million. Our present aid is in the amount of \$67 million. The administration has asked for \$96 million-plus. There was not any chance in committee of obtaining the \$50 million figure. It was proposed by the committee that we should authorize \$67 million for military aid to Latin America and the difference between \$67 million and \$96 million asked for by the administration should go into economic aid. We ended up, in regard to military aid to Latin America, with \$65 million, upon my motion. I urged that we should make some cut in the amount of military aid to Latin America. The present amount for 1959 is \$67 million. So we brought about an action in committee to reduce the \$67 million by \$2 million, which serves notice on Latin America what the temper of the Congress is, if the amendment is adopted.

Then we provided that the difference could be used for the establishment of a joint hemispheric police force through the Organization of American States, if the member states wanted to. If they did not do it, then the money could be used for economic projects.

That is quite an improvement in our policy toward military aid to Latin America. But I think we should improve it still further by saying that although this money can be spent for military aid it should not be spent in any totalitarian country. We ought to say to the President, "If you find they are maintaining a totalitarian government, the dollars of American taxpayers by way of military aid should not go to the aid of a government which has imposed a dictatorship on the people of that country."

Mr. MONRONEY. Am I to understand, from what the Senator from Oregon has stated, there was a feeling in committee that more money should be going into economic aid, and less into military aid.

Mr. MORSE. I think that is a fair statement.

Mr. MONRONEY. The dire need of those countries for economic development far exceeds their need for armaments, which can be used for aggression or in bordered difficulties, which frequently occur there. Is that correct?

Mr. MORSE. I think that is a fair statement. I want to say to the Senator from Idaho [Mr. CHURCH] deserves great credit for the leadership which he exercised in the Foreign Relations Committee in our joint effort to try to improve the situation by proposing to bring to a gradual end, at least, although I would go much faster, military aid to Latin America.

Mr. DODD. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DODD. I am greatly interested in the suggestion of the distinguished Senator from Oregon. I wonder if there is any particular reason why the amendment is limited to this one area. Why not include all totalitarian governments everywhere in the world?

Mr. MORSE. Of course, as the Senator knows, I am against supporting any totalitarian government, but I believe in taking a step at a time, when I am satisfied that is all we can take at one time. Furthermore, we have an abundance of evidence that the particular practice of American military aid in Latin America is causing us a great deal of ill will.

Mr. DODD. Yes.

Mr. MORSE. It is producing a great deal of ill will. In this case I think we have both a right and a duty to do what we can to try to eradicate the cancer of bad relationships in Latin America, by cutting out military aid to dictatorships.

Mr. DODD. Does the Senator think it would be in our interest to resist totalitarian governments in Latin America and at the same time to assist them elsewhere in the world?

Mr. MORSE. I do not think it is very consistent, but it is a question of whether one will do what one can at one time. I would certainly vote to bring to an end military assistance to any totalitarian government, be it Communist or Fascist. I am just as much opposed to one as to the other, because both forms of totalitarianism violate the dignity of the individual and make the

individual naught but a tool of the state. They destroy all his liberties.

We have this practical situation confronting us. I think there is a possibility that we can bring to an end the military aid to totalitarian governments in Latin America. If the Senator had sat with me as a member of the Committee on Foreign Relations he would recognize with me that there is little chance of spreading the application of this proposed policy to all totalitarian governments at this time.

Mr. DODD. What about Franco? He is a totalitarian dictator.

Mr. MORSE. As the record shows, I am opposed to support of Franco.

Mr. DODD. Why not include all totalitarian governments in the amendment, rather than picking out a few? We know of Tito and Franco. I do not know how many others there are. If it is a matter of policy we are trying to establish here why not be forthright and direct and say that as a matter of policy we are against all of them. We should not pick out a few in one geographical area and ignore the rest.

Mr. MORSE. Let me assure the Senator from Connecticut that there is no lack of forthrightness on the part of the senior Senator from Oregon. I happen to be the chairman of the subcommittee which deals with Latin American affairs. I feel that I am in a position to present to the Senate the results of my observations and studies of this situation as it relates to Latin America.

As I said at the beginning, I think there is no one cause of ill will in Latin America greater than this. We ought to bring it to an end.

Let me assure the Senator from Connecticut that he will find me in support of any amendment the Senator wants to offer to bring to an end aid to any other totalitarian government.

Mr. DODD. I do not have any amendment to offer, but I was interested in the Senator's explanation of what seems to me a paradoxical and inconsistent proposal. I am grateful for the explanation. For myself, I cannot make a distinction geographically among dictators. Tito in Yugoslavia or Franco in Spain is just as offensive to me, as Trujillo or Batista or any other dictator. I do not see how the United States, as the leading Nation in the world, can say, "We are against dictators in the Caribbean area but it is all right to have dictators on the Adriatic, and it is all right in Spain."

Mr. MORSE. Let me assure the Senator from Connecticut I do not think it is all right anywhere.

Mr. DODD. Then why not say so in the amendment?

Mr. MORSE. I am a legislator. I am confronted with the legislative process. I am trying to advance an amendment which will advance the cause. I think if we can get the amendment adopted we will be on the way. If I can get this amendment agreed to, I think I will be in a much stronger position either this year or next year, or whenever we think we have one vote more than half, to apply it to all other dictators.

Mr. SMATHERS. Mr. President, may I have 3 minutes?

The PRESIDING OFFICER (Mr. FREAR in the chair). The Chair does not know who will yield 3 minutes to the Senator. The Chair does not have any time to yield.

Mr. SMATHERS. Will the Senator from Arkansas yield me 3 minutes?

Mr. FULBRIGHT. Mr. President, I am happy to yield 3 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized for 3 minutes.

Mr. SMATHERS. Mr. President, I congratulate the able Senator from Oregon, who is the chairman of the subcommittee of the Foreign Relations Committee which deals with Latin American affairs. I for one think the subcommittee has done a very splendid job by changing the emphasis from the military aid program in Latin America to an economic aid program, which it obviously should be.

I am also delighted with the idea that we are going to support the Organization of American States Police Force. I think I started talking about that some 18 months ago. I did not get very far at the time. I am delighted to have the committee endorse it. I think when we have the Organization of American States Police Force it will eliminate all the necessity of sending any military arms or equipment to any one of the Latin American countries.

With respect to the particular amendment before the Senate, I cannot help but agree with the able Senator from Connecticut that in effect it would be a kind of area discrimination. I know the Senator from Oregon is absolutely sincere in his detestation of dictatorships anywhere. I think we must be against them not only in Latin America but all over the world. We are doing business with Franco. We are doing business with Tito. We have sent arms and munitions into areas of the Mideast, because it has been to our advantage. I do not think we can follow a double standard. If we say we will not cooperate with or permit military aid programs for some who may be considered to be dictators in Latin America, but that we will close our eyes to dictators in other areas of the world, we would be grossly misunderstood. I do not believe it would help us, particularly in the area of the world which the amendment is designed to help.

I think the committee has done an excellent job on the overall Latin American program, and I congratulate the senior Senator from Oregon for his leadership in that overall program.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE] to the committee amendment. On this question, a division has been requested.

On a division, the amendment was rejected.

Mr. COOPER. Mr. President, I call up my amendment "7-1-59-M," and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 11, line 6, after the word "to" it is proposed to insert "maintain."

On page 11, line 9, after the word "to" it is proposed to insert the words "maintain and".

On page 11, beginning with line 11, it is proposed to strike out down through line 14 and insert in lieu thereof the following:

"(2) The Congress declares it to be a primary objective of the United States, and one consistent with its tradition and ideals, to share the strivings of the peoples of other lands who are working energetically toward political and economic freedom and the advancement of living standards; by giving generously of our substance, and by exchanges of knowledge and culture."

On page 11, line 15, it is proposed to strike out "(2)" and insert "(3)".

Mr. COOPER. Mr. President, I wish to modify my amendment.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. COOPER. I modify the amendment by striking out lines one through four.

Mr. President, I have not offered this amendment until the very last because it does not have anything to do with the mechanics of the mutual security program, and it has nothing to do with the authorization of money for expenditures.

I have discussed the amendment with the distinguished chairman of the Foreign Relations Committee.

I shall take only a few minutes. I shall not urge a vote, unless the chairman wishes to accept the amendment. However, I wished to bring it up because, at least to me, it has some importance.

Section 2 of the bill is a statement of policy. It states the consideration upon which our foreign aid program is based. At least, it states two of them. I find no fault with them.

One consideration is that, because our country is a democratic country, it is in our tradition to give our aid to other democratic countries and peoples seeking to establish independent and free governments and viable economies with the expectation that such action will lead to a larger association with like democratic countries.

Another purpose stated—and this is a true and correct purpose—is that, because of the division in the world today between the United States, a democratic country, and the Soviet Union and international communism, it is important to our security that we have a foreign aid program.

I agree with those two considerations. I suggest that a third policy or purpose be added to express what I believe has been a tradition of our country. Long before we had any formal foreign aid program, our country gave generously of its means to peoples in lands throughout the world when they were in distress, whether in time of famine, flood, or grave emergency.

Long before we had any formal governmental aid program our people, through their churches and schools and from private means built schools, churches and hospitals in other lands, to serve and help their peoples.

I agree that it would be difficult to maintain a foreign aid program of the present magnitude unless it was based upon self-interest. But I should like to see something in this mutual aid bill which expresses the idea and the truth that the people of this country do have a humanitarian tradition, and idealism, which has led them to give assistance to other peoples of the world, even when self-interest was not involved.

We do have such a tradition. I believe that the idealism that holds that peoples can advance yet lives. These are the reasons which lead me to offer this amendment, to state a third reason for our foreign aid program.

It is not a matter of world-shaking importance—it may even appear slightly pompous—but we should remind ourselves now and then that we have a humanitarian tradition, and—as a people who have been favored materially—record even some obligation of helping peoples of other countries.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. SALTONSTALL. What the Senator is trying to do in his amendment is to express in words the fundamental purpose of the entire Mutual Security Act. Am I correct?

Mr. COOPER. Two purposes are already stated, based upon self-interest. With those purposes I agree, but I want to express another fundamental purpose, what has moved this country in the past, and still ought to do so.

Mr. FULBRIGHT. Mr. President, I have discussed this amendment with the distinguished Senator from Kentucky. I think his purpose is a very fine one. I do not disagree with it. I believe that the people of this country have a sense of wishing to share the good life which has come to them, and I believe this bill does so to a certain extent.

I am prepared to accept the amendment and take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. COOPER] to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment. If there be no further amendment to be proposed the question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

Mr. FULBRIGHT. Mr. President, there is on the calendar Order No. 415, House bill 7500, a companion bill. I ask unanimous consent for the present consideration of the House bill.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the House bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. FULBRIGHT. Mr. President, I move to strike out all after the enacting clause and insert in lieu thereof the text of Senate bill 1451, as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas.

The motion was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment, and third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Does the Senator from Arkansas wish to use his remaining time on the bill?

Mr. FULBRIGHT. Mr. President, I yield myself 10 minutes.

Mr. President, it is an understatement, to put it mildly, for me to say that I am disappointed in the action of the Senate in eliminating from this bill the borrowing authority for the Development Loan Fund.

By rejecting the authority to borrow from the Treasury, the Senate has denied to our Government the power to engage in long-term planning; and long-term planning, in my opinion, is essential to meet the problems of the vast areas of the world seeking to develop modern economies. It is certain, I believe, that if we fail to assist in this development, in an effective and intelligent way, Russia—by default—will inherit the responsibility and the opportunity.

So often, when a Democrat ventures a mild criticism of any policy of this administration the press brusquely suggests that one should not criticize unless one has a better program to offer.

Well, Mr. President, the Committee on Foreign Relations did offer a good program, a far better program than the bill now provides, to the President; but in the words of a wise and farsighted Member of this body from Vermont [Mr. AIKEN], "The President pulled the rug from under the friends of the mutual assistance program."

The action of the President in rejecting the committee's proposal is explicable, in my view, only upon the assumption that he does not quite comprehend how the Congress of the United States is controlled and directed—in other words, how it functions.

The President, on numerous occasions, has clearly endorsed the principle of continuity in the Development Loan Fund program, as well as the necessity for long-term planning. Two years ago he recognized that borrowing authority was essential to accomplish this purpose; but this year he has allowed his fiscal advisers to talk him out of this position. His proposal for a long-term authorization coupled with simultaneous multiple-year appropriations is utterly unrealistic and completely inadequate to accomplish his professed purpose. In theory,

it may be possible, but in fact it cannot be done—especially in the case of a foreign program and with the type of committees we have and are likely to have in our Congress.

Mr. President, I do not wish to be misunderstood on the latter point. The members of the Appropriations Committee are honorable men and fine citizens. The point I have in mind, which dominates this situation, is that, given the kind of country we have, with 435 constituencies, many of which are remote from world affairs and with pressing problems of local development of their own, it is natural—even inevitable—that the representatives of these constituencies should give priority to the immediate local interests of those who have shown their appreciation of their services by voting for them. This is especially true of those who find political life agreeable and wish to remain in it.

The President is the only important national official elected by all the citizens of the United States, in contrast to the voters of the Fifth District of Nebraska or the Third District of North Dakota. Among all the political leaders of our Government, only the President can persuade the Congress to adopt a long-term, adequately financed foreign development program. It was with the expectation that the President might support such a program that I advised the Committee on Foreign Relations to recommend to the Senate a 5-year program with borrowing authority. I stated publicly, at the time, that it probably could not be adopted without Presidential support. Of course, in terms of dollars and cents and congressional procedure, we are no worse off than we would have been if the effort had not been made, but there are other aspects of this matter which leave much to be desired.

The action by the Senate is but another demonstration of the extreme difficulty under this form of government, of which we are so proud, to compete effectively with an authoritarian system in what we have come to call the cold war.

The Soviet Union, governed as it is by a self-perpetuating oligarchy, engages in long-range planning of from 5 to 7 years. This oligarchy, sometimes called the Politburo, is not parochial in character. In fact, the positions and the power of the rulers of Russia are directly dependent upon and derived from the power of the state, that is, the central government; and the power of the state, not only from a domestic point of view, but also in the international arena, is a matter of first importance to the oligarchs of the Kremlin. To them no sacrifice is too great if it enhances the power and prestige of the Government of the Soviet Union.

In contrast to this point of view, we have a tradition of States rights, the other aspect of which is a weak Federal Government. The Members of the Congress, it has been said, regard themselves as ambassadors of sovereign States whose first concern is the welfare and dignity of their own constituencies. So when the only national official in our

Government is reluctant to assert his great power, it follows quite simply that our foreign policy becomes vacillating, hesitant, and lacking in conviction.

The opponents of the borrowing authority in this bill saw it as a delegation of authority, as a derogation of their own power and an enhancement of the power of the Executive, which in a sense it was. But in truth it is the very thing that is needed to counter the plans of the Soviets.

In political circles it is said that you cannot beat somebody with nobody. In international economic affairs you certainly cannot beat a plan with no plan.

Mr. President, it is difficult to understand why some of those Senators who are most critical of the present administration of the mutual security program so stubbornly refuse to give that program the continuity which is essential to long-term planning and which, in turn, would result in better administration. A program based upon a year-to-year, hand-to-mouth annual appropriation is doomed to inefficiency.

This approach is rather like putting hobbles on a horse and then beating him because he will not run faster.

It is ironic, too—if not tragic—that some of the Members of this body who are most positive and intransigent in their speeches against communism are, at the same time, most obstinate in their opposition to providing their own Government with the means to block the spread of this same communism throughout the world. They tell us in this instance that we cannot afford it.

Yes, Mr. President, much is heard these days about the Soviet design to induce the United States to spend itself into bankruptcy. Only yesterday the stock market reached an all-time high. The gross national product is running at an all time high of nearly 480 billion annually. The personal income of Americans is the highest in history.

The people of America are not bankrupt. Our Government finances are temporarily in disorder because of unwise fiscal policies during the last 5 years. But the remedy for this embarrassment is neither dangerous nor very difficult to impose; it is merely considered to be unpopular. For example, the repeal of the 1954 tax bill should be sufficient to correct the situation.

No, Mr. President, we are not bankrupt; but we do look as if we are determined to end up the richest, fattest, most smug and complacent people who ever failed to meet the test of survival. In air-conditioned and air-suspensioned splendor we may be heading for the last roundup.

The real hope and expectation of the Soviets, Mr. President, is not that the United States will spend itself into bankruptcy, but that it will suffocate in its own fat.

Mr. President, if the American people really understood their predicament, I believe they would prefer to survive poor than to die rich. I believe they would prefer to go to work in a Lark, than to their funeral in a Cadillac. I am certain they are more interested in

this Nation's strength and integrity than they are concerned about the temporary imbalance in the Government's fiscal condition. I am sure they would prefer to pay more taxes, if necessary, than to default to the Soviet Union.

As a matter of fact, Mr. President, because it would allow more efficient administration, I am convinced the committee proposal for a 5-year program would cost the taxpayers less in the long run.

One of the tests of maturity, in nations as well as in individuals, is the willingness to sacrifice immediate pleasures for the sake of future advantages. If we compare the percentages of our national product which we devote to such activities as education and capital investment with that which the Russians devote to similar activities, the conclusion is inescapable. We spend far more on motor cars, cosmetics and advertising than the Russians, but less than they do on education, powerplants, and factories.

Mr. President, the action of the Senate on this bill, with the support of the President, justifies in a remarkable manner the analysis of our democracy made by Alexis de Tocqueville more than 100 years ago, when he said:

Foreign politics demand scarcely any of those qualities which are peculiar to a democracy; they require, on the contrary, the perfect use of almost all those in which it is deficient. * * * A democracy can, only with great difficulty, regulate the details of an important undertaking, persevere in a fixed design, and work out its execution in spite of serious obstacles. It cannot combine its measures with secrecy or await their consequences with patience.

Mr. President, we may be an impatient people, but this spring the Foreign Relations Committee worked patiently and laboriously to fashion a program with a broad, nonpartisan basis. Thirteen of seventeen members agreed to the quality of the product, in which the Development Loan Fund was the most important ingredient.

But by a slick bit of propaganda, it was made to appear that there is something evil about financing the Development Loan Fund with money borrowed from the Treasury, though it is in pursuance to and in accordance with a law voted by a majority of both Houses of Congress and signed by the President. This was said to be "backdoor" financing and the President fell for the phrase, notwithstanding the fact that only a few weeks ago the administration itself had strongly urged the Congress to authorize the same procedure to finance the International Bank for Reconstruction and Development. And this Senate had agreed unanimously.

Mr. JOHNSON of Texas. Will the Senator yield?

Mr. FULBRIGHT. I yield. I have only a few minutes left.

Mr. JOHNSON of Texas. I understand. Mr. President, I wish to pay my deep respects to the very able Senator from Arkansas [Mr. FULBRIGHT] for the thorough, fearless and knowledgeable manner in which he has presented this very difficult piece of legislation. For that he is due the commendation of the entire Senate.

We wrestled for weeks very recently with backdoor financing as requested by the President involving some \$4½ billion, and I know how he must feel to report a bill that in effect carried out the recommendations made by the executive only to find the rug pulled out from under him when the bill was brought to the floor.

I believe the Senator from Arkansas [Mr. FULBRIGHT] has done a great service to the country in reporting from his committee a bill such as he has reported, and I am sorry the Senate did not follow the recommendations he made.

Mr. FULBRIGHT. I thank the majority leader for his kind words. I am disappointed in this bill, which is now a very ordinary bill with no imagination confined in it, and I believe it is a stop-gap measure.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. I yield myself 2 additional minutes.

Mr. JOHNSON of Texas. Will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Texas.

Mr. JOHNSON of Texas. Why would it be in the best interests of the Nation to finance a \$4½ billion International Monetary Fund and an International Bank through backdoor methods and not finance the Development Loan Fund in the same manner?

Mr. FULBRIGHT. Mr. President, it cannot, of course. I think there is no distinction at all, and the idea that this measure, as reported by the committee, would have involved backdoor financing is completely misleading.

This is one of the traditional practices we have engaged in for 30 or 40 years, certainly going back to the First World War or a little thereafter when the Reconstruction Finance Corporation, one of the great pieces of Republican legislation, which did so much to bring the country out of the doldrums of the depression, was based upon this same principle.

Mr. JOHNSON of Texas. Under whose administration was that accomplished?

Mr. FULBRIGHT. The administration of Mr. Hoover.

Mr. JOHNSON of Texas. Who?

Mr. FULBRIGHT. Mr. Hoover. The statement has been made that it is time to stop the policy. It certainly is not time to stop the kind of legislation which resulted in the Reconstruction Finance Corporation, the International Bank, the International Monetary Fund, and so on. There are about 15 or 20 of the finest, most successful programs the country ever undertook which are based upon this same type of legislation. All of a sudden out of thin air this becomes back-door financing. It is absolutely absurd.

Mr. JOHNSON of Texas. Is it not a fact that the President only recently—a few days ago—approved a bill affecting veterans housing which the Congress had passed involving \$100 million and which embodied the same type of financing?

Mr. FULBRIGHT. Of course he did.

This is the most superficial kind of propaganda on the part of the Budget Bureau and the Treasury. I happen to know the State Department, which is the subject of so much criticism in the Senate, was not in favor of this action. What happened in this instance—the unfortunate action which took place—was over the dead body of the State Department. It was the Treasury and the Budget Bureau which took the action.

They have no responsibility for the foreign policy of the country. It means nothing to them. They have no understanding of foreign policy. All they are concerned about is the financial mixup they have got into because of the unsound fiscal policies which have been carried on since 1954. What they have done has not lent much logic to the situation. Now the foreign policy through this bill, will bear the brunt of mistakes of our Treasury officials. I do not like it a bit.

The PRESIDING OFFICER. The Senator from Arkansas has 6 minutes remaining.

Mr. FULBRIGHT. I yield myself 1 additional minute.

During the past 30 years, Congress and the President, acting in concert, have authorized this identical procedure to be used in the financing of some of the most important activities of our Nation. Among these activities were the following: Reconstruction Finance Corporation; Home Owners Loan Corporation; Tennessee Valley Authority, which is so popular in some circles, and is based on the same type of legislation; Import-Export Bank; International Bank; Federal Home Loan Bank Board; Federal Deposit Insurance Corporation. Is anyone against the Federal Deposit Insurance Corporation? That is back door financing, and it started as back door financing.

Mr. President, once again, I deeply regret that the President and the Senate have seen fit to reject the opportunity to create an agency of which we could be proud, as we are proud of the Export-Import Bank, the International Bank, and many other activities of that nature. Instead, we must endure for no telling how long the annual reports of scandal, corruption, and inefficiency which emanate, especially from the other body, every spring as regularly as the robins return.

When the bill was reported to the Senate, a carefully timed report was circulated about scandal and inefficiency. All of this tends to discredit our democratic system in the eyes of the world. Is it any wonder that the little countries recently have been questioning the efficacy of the democratic system when they see how we practice it?

Mr. President, there is no law of nature that I know of which guarantees the prosperity, happiness, and power of the United States forever. In the absence of such a guarantee, and in view of the decline of Western power in recent years, is it not time for us to use more foresight and wisdom in the conduct of our foreign affairs?

Mr. AIKEN. Mr. President, may I have time yielded to me?

Mr. FULBRIGHT. Mr. President, I yield 3 minutes to the Senator from Vermont.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Vermont may have an additional 5 minutes.

The PRESIDING OFFICER. The additional time is from the opposite side.

Mr. YOUNG of North Dakota. Mr. President, reserving the right to object, I should like to request 1 hour, so that I may discuss the bill. I would like to have an hour's time myself.

Mr. JOHNSON of Texas. I would not object to an hour's time. The minority leader is not on the floor. I am trying to accommodate the Senator from Vermont.

The PRESIDING OFFICER. The Chair will state for the benefit of the Senate that the minority leader has control of 17 minutes of time remaining.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may yield 5 minutes to the Senator from Vermont.

Mr. FULBRIGHT. Mr. President, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

The PRESIDING OFFICER. Without objection, the request of the Senator from Texas is agreed to, and the Senator from Vermont is recognized for 5 minutes.

Mr. AIKEN. Mr. President, to the best of my knowledge, I have not used any time on the bill up to this point.

Although the bill upon which we are about to vote has been whittled down materially and is not of as much use for the purpose of stabilizing the political and economic affairs of the world, and of helping in the cold war, as it would have been if it could have been passed as it came from the committee, I think it is better than no bill at all. I think the administration can live with the \$400 million in cuts which have been made in certain provisions. It simply means that the administration will have to dig into the reserves and take money out of the pipelines to a greater extent than it has ever done before.

From the very start, the discussion has been full of misunderstandings. Both wire services are reporting that the Bridges amendment is aimed at Castro in Cuba. That would be impossible, because we have no material programs in Cuba to rescind. Cuba, however, does permit us to occupy Guantanamo Bay, which is one of the key defenses of the Western Hemisphere. But we have no programs, other than token programs, in Cuba which could be suspended or rescinded.

That, however, is not true of Guatemala and possibly some of the other Central American countries.

There has been very little coordinated effort on the part of the friends of mutual security in the executive and legislative branches. It has been rather disconcerting to be encouraged by one agency of the executive branch of the

Government to do something which appears to be good for the country, only to find that another agency of the executive branch is opposing the program in vital respects. The confusion and chiding which have taken place during the debate have detracted from the importance of the program in the public mind. They have reduced the value of the program.

I compliment the chairman of the committee for having done exceptionally good work under very trying conditions. I realize that the weather has been hot, both politically and atmospherically, and that may have had something to do with the result. I realize, too, that discretion and political sagacity have been lacking in some quarters, where they might have helped us to get a better bill.

I mentioned yesterday that there is a policy developing which will tend to turn over the operations of the Development Loan Fund and the economic assistance to private banking interests. That has been mentioned two or three times on the floor. Such a proposal should be subjected to full-scale hearings, however, before it is approved. There are possibilities in it. There are possibilities for much good. There are possibilities for inestimable damage if correct procedure is not followed.

So while the bill for which I shall vote is not as good as the bill for which I should have liked to vote, it is much better than it might have been had all the amendments which were proposed to it been adopted.

Mr. LAUSCHE. Mr. President, may I be yielded a few minutes on the bill?

The PRESIDING OFFICER. There are 3 minutes remaining.

Mr. FULBRIGHT. I yield 2 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, in behalf of the people of Ohio, I should like to express gratitude to the chairman of the Committee on Foreign Relations for the excellent work he has done in connection with the bill. Each one of us in the Senate understands the difficulty of the task which was his. He has presented the matter according to the best light in which he saw the problem. My hope is that out of the rough-and-tumble fight through which we have gone in the last several days a bill has emerged which will be in the best interests of the country.

I have said some words about which I am somewhat regretful today. I reiterate my eternal belief that in the push and pull which takes place in a democratic Congress, the affirmative fighting with the negative, eventually the product is good.

I am now of the opinion that the combined judgment of 98 Senators has produced a bill which will be in the best interests of the country.

One final word: BILL FULBRIGHT, I am grateful to you for the work you have done. You have been gracious and considerate of each one of us. I am proud to express my plaudits to you on behalf of the people of Ohio.

Mr. FULBRIGHT. I thank the Senator from Ohio.

Mr. President, I have 1 minute remaining, I believe.

The PRESIDING OFFICER. That is right.

Mr. FULBRIGHT. I yield to the Senator from Oregon [Mr. NEUBERGER].

The PRESIDING OFFICER. The Senator from Oregon is recognized for 1 minute.

Mr. NEUBERGER. Mr. President, I am sure the Senator from Arkansas had no idea of what I am about to say, or else I am certain that he would not have yielded me this 1 minute.

I wish to state that not only do I join in the remarks of the Senator from Ohio [Mr. LAUSCHE] about the chairman of the Foreign Relations Committee [Mr. FULBRIGHT], but I also believe that it is not easy to advocate on the floor of the Senate a cause that is as necessary to our country but is as politically unpopular as foreign aid.

In conclusion, I wish to say that I believe the remarks made a few minutes ago by the Senator from Arkansas to the Senate constitute one of the most outstanding addresses I have ever heard during my service as a Member of the Senate.

Mr. DIRKSEN. Mr. President, I yield 1 minute to the distinguished Senator from Wisconsin [Mr. WILEY].

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 1 minute.

Mr. WILEY. Mr. President, I wish to join in the remarks of all the Members who have complimented the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT]. Not only do I compliment the chairman of the committee, but I also compliment the fine staff which assisted him. They have done a tremendous job.

I also agree that throughout the hearings, many of which I could not attend, there was really a great deal of labor. I desire to state that harmony prevailed.

So I join with the Members who know what has been accomplished in complimenting the chairman of the committee on the fine results.

Mr. DIRKSEN. Mr. President, I yield back the remaining time available to me.

The PRESIDING OFFICER. All remaining time has been yielded back.

The question is, Shall the bill pass?

Mr. JOHNSON of Texas. Mr. President, before the vote is taken, I desire to announce, so that all Senators may know, that on tomorrow we hope to have the Senate take up the Tennessee Valley Authority bill; and we hope to have the Senate conclude its action on that bill on tomorrow.

The civil functions appropriation bill has been reported unanimously, today, from the Appropriations Committee. The report on that bill will be available this evening. It has been filed. On tomorrow, I shall ask unanimous consent that the Senate take up that bill on Friday. If such consent is given, the Senate will take up the bill on Friday.

I expect the Department of Defense appropriation bill to be reported and the hearings on it to be available on Monday, next.

The PRESIDING OFFICER. The question is, Shall the mutual security bill pass?

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from Montana [Mr. MURRAY] are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that the Senator from West Virginia [Mr. RANDOLPH] is necessarily absent in West Virginia.

I further announce that, if present and voting, the Senator from Minnesota [Mr. MCCARTHY] and the Senator from Montana [Mr. MURRAY] would each vote "yea."

On this vote, the Senator from West Virginia [Mr. RANDOLPH] is paired with the Senator from Louisiana [Mr. LONG]. If present and voting, the Senator from West Virginia would vote "yea," and the Senator from Louisiana would vote "nay."

The result was announced—yeas 65, nays 26, as follows:

YEAS—65

Aiken	Gore	Martin
Allott	Green	Monroney
Beall	Hart	Morse
Bennett	Hartke	Morton
Bridges	Hayden	Moss
Bush	Hennings	Mundt
Butler	Hickenlooper	Muskie
Cannon	Hill	Neuberger
Capehart	Holland	Pastore
Carlson	Humphrey	Prouty
Carroll	Jackson	Proxmire
Case, N.J.	Javits	Saltonstall
Case, S. Dak.	Johnson, Tex.	Scott
Church	Keating	Smathers
Clark	Kefauver	Smith
Cooper	Kennedy	Sparkman
Cotton	Kuchel	Symington
Dirksen	Lausche	Wiley
Dodd	McGee	Williams, N.J.
Douglas	McNamara	Yarborough
Engle	Magnuson	Young, Ohio
Fulbright	Mansfield	

NAYS—26

Bartlett	Frear	Robertson
Bible	Goldwater	Russell
Byrd, Va.	Gruening	Schoeppel
Byrd, W. Va.	Hruska	Stennis
Curtis	Johnston, S.C.	Talmadge
Dworschak	Jordan	Thurmond
Eastland	Kerr	Williams, Del.
Ellender	Langer	Young, N. Dak.
Ervin	McClellan	

NOT VOTING—7

Anderson	McCarthy	O'Mahoney
Chavez	Murray	Randolph
Long		

So the bill (H.R. 7500) was passed.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the bill be printed as passed by the Senate.

The PRESIDING OFFICER (Mr. FREAR in the chair). Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I move that the Senate insist on its amendment, request a conference with the House thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. FULBRIGHT, Mr. GREEN, Mr. HUMPHREY, Mr. MANSFIELD, Mr. SPARKMAN, Mr. WILEY,

Mr. HICKENLOOPER and Mr. AIKEN conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, Senate bill 1451 is indefinitely postponed.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which House bill 7500 was passed.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ERVIN. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement which I have prepared relating to the foreign aid authorization bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR ERVIN

I favor foreign aid as follows:

(1) Foreign military aid to Turkey, Pakistan, South Korea, the Philippines, and other nations which have agreed to stand on the side of the free world in any possible conflict with the Soviet bloc.

(2) Foreign economic aid to Turkey, Formosa, South Korea, and other economically insufficient nations which have agreed to stand on the side of the free world in any possible conflict with the Soviet bloc.

In addition, I favor extending a reasonable amount of technical assistance to underdeveloped countries. I would gladly support a foreign aid authorization bill which provided for assistance of the type set forth above.

I find, however, that under the terms of the pending bill I cannot vote for foreign military aid, foreign economic aid, and technical assistance of the type set forth above without also voting to extend military aid to Communist dictators like Tito of Yugoslavia, who refuses to commit himself to stand beside the United States in any possible war with the Soviet bloc even though Yugoslavia has received about \$1.6 billion in foreign aid from the United States since July 1, 1945. I am unwilling to vote for foreign military aid for this Communist dictator, who commands one of the most powerful armies in Europe. Why the United States is too bashful to ask him where he stands is something which exceeds my power of comprehension. Yet this is something which those in charge of our foreign policy have steadfastly refused to do. Also, they have been willing to assist him in building up an army which could easily overrun and destroy some of our allies, such as Italy and Greece.

I also find that under the pending bill I cannot vote for foreign economic aid to economically insufficient countries allied with the free world, such as Turkey, South Korea, and Formosa, or for reasonable technical assistance to underdeveloped countries without at the same time voting to extend economic aid to neutralist nations which refuse to stand up and be counted in the cold war and in any possible hot war with the Soviet bloc.

If the United States should be involved in an armed struggle for its existence, it will have to depend upon its own strength and that of its allies who are willing to align themselves with it rather than upon neutralist nations. I favor concentrating American aid in those countries which are willing to stand up on the side of freedom in any such struggle.

It is well to remember that the United States is a government and not a charitable institution. Under its Constitution, the United States has no rightful power to use the money of its taxpayers for charitable purposes. It can only use it for purposes which

promote the safety or welfare of its own people. Under present policy, a nation can obtain assistance with greater ease from the United States if it refuses to commit itself on the side of the free world. I think this is a shortsighted policy which has a tendency to alienate the support of our allies as well as that of nations not committed to our side.

A few days ago, the President of the United States informed us that the construction of interstate highways will have to come to a dead end within a few months unless we increase the gas tax. While there is a prospect of the United States having to put an end to the construction of interstate highways for want of approximately \$1 billion, this bill undertakes to provide about \$3.6 billion for the use of foreign countries.

It would be well for us to ponder the extent to which our foreign aid program has been carried in recent years.

Since July 1, 1945, the United States has used in excess of \$71.5 billion in its foreign aid program. This money has gone to approximately 88 different countries and their dependencies, including several nations behind the Iron Curtain.

The United States borrowed virtually all of the \$71.5 billion employed in its foreign aid program since July 1, 1945, and has thus increased the national debt to that extent.

This national debt now approximates \$290 billion and is about \$100 billion in excess of the national debts of all the other nations of the earth.

It is apparent that if the United States is going to continue its foreign aid program with such a lavish hand, the Congress ought to impose the taxes for its continuance and quit appropriating for this and other purposes the unearned income of unborn generations of Americans.

For the reasons stated above, I cannot vote with a clear conscience for the pending foreign aid authorization bill. I would gladly vote for such a bill if its provisions restricted the use of foreign aid to the purposes set forth by me at the beginning of this statement.

AMENDMENT OF CLAYTON ACT, RELATING TO MORE EXPEDITIOUS ENFORCEMENT OF CEASE AND DESIST ORDERS ISSUED THEREUNDER

Mr. KEFAUVER. Mr. President, on yesterday, as shown by the RECORD on pages 11710-11712, the Senate agreed to the amendment of the House of Representatives to the bill (S. 726) to amend section 11 of the Clayton Act to provide for the more expeditious enforcement of cease-and-desist orders issued thereunder, and for other purposes.

Two clerical errors appear in the House engrossed amendment, as follows:

On page 5, lines 2 and 3, the following phrase occurs, "or to the president, secretary, or other, or other executive officer"; and on page 5, lines 9 to 11, the following phrase appears, "The verified return by the person so serving said complaint, order, or other process setting for time manner of said service" and so forth.

To correct these errors, I ask unanimous consent that the vote on agreeing to the House amendment be reconsidered, and that the Senate agree to the said amendment with the following amendments, namely:

In the first phrase above indicated, strike out the words "or other," which is

a duplication; and in the second phrase strike out the words "for time" and in lieu thereof insert "forth the".

Mr. DIRKSEN. Mr. President, reserving the right to object, I am familiar with the matter. The amendments are merely clarifying. There is no objection.

The PRESIDING OFFICER. Is there objection to the unanimous consent request of the Senator from Tennessee? The Chair hears none, and it is so ordered.

RESIGNATION OF HON. ROBERT B. DECHERT AS GENERAL COUNSEL, DEPARTMENT OF DEFENSE

Mr. SALTONSTALL. Mr. President, today the White House announced that Mr. Robert B. Dechert, general counsel of the Department of Defense, has resigned effective July 15, 1959.

I knew Mr. Dechert, before he became connected with the Department of Defense, as a distinguished lawyer in Philadelphia and as a fine citizen. I have often worked with him very closely during the past 2 years and know from my own personal observation and experience that he has been a superlative public servant in the very responsible job of general counsel of the Defense Department. I am sorry to see him resign, but congratulate him on the record he has made. His shoes will not be easily filled.

Mr. President, I ask unanimous consent to have printed in the RECORD following my remarks the exchange of correspondence between the President and Mr. Dechert relating to his resignation, and a brief outline of Mr. Dechert's career and life history.

There being no objection, the letters and statement were ordered to be printed in the RECORD, as follows:

DEAR MR. DECHERT: It is with considerable reluctance that I accept your resignation as General Counsel of the Department of Defense, where you have served your country with such distinction and ability for the past 2½ years. It must be a source of deep satisfaction to you to realize how important your contribution has been.

I am happy that you have agreed to serve as a consultant to the Secretary of Defense through the present session of Congress. Because of certain of your commitments in the Department of Defense, I am accepting your resignation with your own acquiescence as of the 15th of July, instead of the 1st of July; with the understanding that you will assume thereafter the consultant status.

With this letter come my thanks, my best wishes for the future and, as always, my regard.

Sincerely,

DWIGHT D. EISENHOWER.

DEAR MR. PRESIDENT: With many real regrets, but because of compelling personal reasons, I submit my resignation as General Counsel of the Department of Defense.

It has been an honor and a source of great satisfaction during the past 2½ years to have served under your leadership.

I pay tribute also to my fellow workers in the Department of Defense. Here I have found dedicated men and women, possessed of high competence, most earnestly trying to do the things which are best for the country.

As a private citizen, I hope to be able to raise my voice under your continued inspira-

tion to do honor to the accomplishments of the Defense Establishment.

As I have discussed with the Secretary for some weeks, I hope to be relieved on July 1, if feasible.

Respectfully yours,

ROBERT DECHERT.

ROBERT DECHERT, GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE

Robert Dechert was nominated as General Counsel of the Department of Defense by President Eisenhower on January 30, 1957, confirmed by the Senate February 21, and took the oath of office on February 28.

Born in Philadelphia, November 29, 1895, Mr. Dechert graduated in 1912 from the Lawrenceville (N.J.) School, and received from University of Pennsylvania the degrees of A.B. (1916), LL.B. (1921), and LL.D. (1958). In 1919 he attended St. John's College, Oxford University, as a U.S. Army student. He is a member of Phi Beta Kappa and the Order of the Coif.

Mr. Dechert started general practice of law in Philadelphia in February 1921. In 1927 he became vice president and counsel of the Penn Mutual Life Insurance Co. (Philadelphia), to organize a law department for that company. In September 1930 he joined in setting up the law firm of Dechert & Bok (now Barnes, Dechert, Price, Myers & Rhodes). He withdrew December 31, 1956, to enter Government service.

Mr. Dechert continued as counsel (since 1949 as general counsel) of Penn Mutual Life Insurance Co. until December 31, 1956. He has had many activities in the insurance field, including service as president of Association of Life Insurance Counsel, president of Insurance Federation of Pennsylvania, and counsel for American College of Life Underwriters.

For 19 years (1923-1942) he was a part-time faculty member of the University of Pennsylvania Law School, teaching a variety of subjects. He was from 1933 to 1939 a member of the Pennsylvania Board of Law Examiner.

Before World War I Mr. Dechert attended U.S. military citizens' training camps in 1914-15-16, and in April 1917 left law school to attend the first officers training camp at Fort Niagara, N.Y. Commissioned second lieutenant in the Regular Army in August 1917, he joined the Seventh U.S. Infantry, 3d Division, and served with it in five major engagements throughout the war as lieutenant and captain. He was awarded the Distinguished Service Cross for gallantry in action at Le Charnel, France, in July 1918.

Mr. Dechert served 4 years on the house of delegates of the American Bar Association, and is a fellow of the American Bar Foundation. In 1948-49 he served in Washington as consultant in the Office of General Counsel, Economic Cooperation Administration.

He served as chairman of the National Executive Committee and in other positions for USO; and was president (1947-50) and for 20 years a director of YMCA of Philadelphia. He has been since 1928 a trustee of the University of Pennsylvania and is a trustee of the Lawrenceville School (New Jersey). In 1941-42 he was Community Chest campaign chairman in Philadelphia, and in 1950-51 national campaign chairman for USO-United Defense Fund.

Mr. Dechert is a trustee of the Free Library of Philadelphia, chairman of the board of libraries of the University of Pennsylvania, a collector of books in the field of American explorations and the early West, and a member of the Grolier Club, New York.

He is married and has three children. His home is at Gulph Mills, King of Prussia Post Office, Pennsylvania. In Washington he lives in Georgetown at 3323 Reservoir Road NW., Washington, D.C.

MUTUAL SECURITY ACT OF 1959

Mr. HUMPHREY. Mr. President, on July 2, page 11474 of the RECORD will show that I offered an amendment to the proposed Mutual Security Act of 1959 which had the effect of changing section 402 of the Mutual Security Act of 1954, as amended. The purpose of the amendment was to declare the intention of the Congress that surplus food granted or sold for foreign currencies abroad under section 402 of the Mutual Security Act shall also be made available, to the maximum extent practicable, to eligible domestic recipients under already authorized relief programs in the United States. That is, the amendment intended to prevent the recurrence of situations here where people were hungry while at the same time surplus agricultural commodities were being sold abroad.

At the time I introduced the amendment I stated:

Both the Departments of State and Agriculture have approved the language of this amendment as now presented.

It turns out, Mr. President, that the Department of Agriculture does not approve the amendment.

I ask unanimous consent to insert in the RECORD at this point a letter which I have just received from the Department of Agriculture stating that the Department strongly opposes the amendment.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., July 7, 1959.

Hon. HUBERT H. HUMPHREY,
U.S. Senate.

DEAR SENATOR HUMPHREY: On Thursday, July 2, the Senate was considering extension of the mutual security authorization bill. At that time you offered an amendment which, among other things, would provide that surplus food commodities or products thereof made available for transfer under the Mutual Security Act (or any other act) as a grant or as a sale for foreign currencies shall also be made available to the maximum extent practicable to domestic recipients under the section 416 or section 32 programs. The discussion of this amendment appears on page 11474 of the CONGRESSIONAL RECORD for July 2.

In the debate prior to the vote, you stated that the language of the amendment was approved by the Department of Agriculture and the Department of State. Subsequently, the amendment was accepted by the Senate. The purpose of this letter is to advise you that the language of the amendment was not approved by the Department of Agriculture. To the contrary, this Department strongly opposes the amendment. Our position in opposition to legislation of this kind has been made clear as recently as June 4 in the testimony of Assistant Secretary Clarence L. Miller before the Subcommittee on Agricultural Production, Marketing and Stabilization of Prices of the Senate Committee on Agriculture and Forestry. A marked copy of this testimony is attached.

We therefore request that you place in the RECORD the correct position of this Department. Also, in order to avoid any misunderstanding of our position on this subject, we are furnishing copies of this letter to the Chairman of the Senate Foreign Relations

Committee and the Chairman of the House Foreign Affairs Committee urging that this provision be eliminated in conference.

Sincerely yours,

TRUE D. MORSE,
Under Secretary.

Mr. HUMPHREY. Mr. President, this position of the Department of Agriculture embarrasses me somewhat, and I should like to explain the background of my introduction of the amendment.

During the markup of the mutual security bill in the Foreign Relations Committee on June 2 I offered an amendment to section 402 of the Mutual Security Act of 1954, as amended, having the purpose which I have just described. The amendment was rather technical and difficult to explain, but the committee agreed that the staff of the committee should discuss the amendment with the interested executive branch agencies, and that if the amendment proved to be acceptable to such agencies it would be offered as a committee amendment on the floor.

The staff did take up the subject with the appropriate officials in the Departments of State and Agriculture. The form of the amendment as I had discussed it during the markup was not acceptable to the Departments of State and Agriculture, and each agency presented a paper to the staff outlining the reasons for that opposition. The staff of the Foreign Relations Committee then negotiated further with appropriate officials in the Departments of State and Agriculture and worked out new language on the subject, which I offered on the floor on July 2. The staff was assured by appropriate officials at the working level in the Departments of State and Agriculture that this new language was acceptable to both agencies.

Mr. President, I acted in good faith in this matter. I thought that the amendment which was adopted on the floor on July 2 did have the approval of both the Department of State and the Department of Agriculture. The Department of Agriculture now says that it opposes the amendment. As far as I know, the Department of State continues to support the amendment. In these circumstances, I did not feel it incumbent upon me to ask that the matter be reconsidered in the Senate. In fact, it could not be reconsidered, since the motion to reconsider was tabled.

Mr. President, this subject will necessarily be in conference because the House bill contains no provision like my amendment. It is customary in conferences on the mutual security bill to consider carefully written executive branch positions on the differences between the Senate and House versions of the bill. I trust that the conference committee will receive such a position relating to this subject.

I add, I hope it will be one position. Right now, the executive branch has the joyful convenience of having two positions, diametrically opposed.

I want to make clear at this time that I continue to favor my amendment.

The letter to me of July 7 from the Department of Agriculture states the opposition of the Department to my amendment, but it does not discuss the reasons for this opposition. Rather, the Department attaches a statement made by Assistant Secretary Clarence Miller before the Subcommittee on Agriculture Production, Marketing and Stabilization of Prices of the Senate Committee on Agriculture and Forestry, concerning a number of bills, none of which contain the language of my amendment to the mutual security bill. The bills on which Assistant Secretary Miller testified provided that sales of surplus food commodities could not be made abroad unless the Secretary of Agriculture first made the commodity available for domestic donation to needy people in the United States. My amendment is very different. It does not make sales abroad conditional upon distribution of food to needy persons in the United States. It merely says that surplus food which is sold abroad shall be made available, to the maximum extent practicable, to needy people at home. In other words, sales of food abroad can go forward, and it is left to the judgment of the Secretary of Agriculture as to how much distribution of such food to needy persons in the United States is practicable.

Mr. President, I regret that any misunderstanding has arisen on this issue, and I hope that a satisfactory resolution of the matter can be worked out in the conference on the mutual security bill.

I must say, most respectfully, Mr. President, that the paper from the Department of Agriculture represents bureaucracy at its worst. I add further it also represents a kind of irresponsibility at its worst.

AMENDMENT OF TENNESSEE VALLEY AUTHORITY ACT OF 1933

Mr. JOHNSON of Texas. Mr. President, so that we may have some unfinished business before the Senate, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 463, H.R. 3460, to amend the Tennessee Valley Authority Act of 1933, as amended.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H.R. 3460) to amend the Tennessee Valley Authority Act of 1933, as amended, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill.

ORDER FOR CONVENING AT 11 A.M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today, it convene at 11 o'clock tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued July 14, 1959
For actions of July 13, 1959
86th-1st, No. 116

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HIGHLIGHTS: Senate subcommittee voted to report bills: For distribution of surplus foods. To increase durum wheat allotments. To make surplus cotton available to textile mills. Rep. Hoeven criticized rising meat imports. Sens. Russell and O'Mahoney introduced and Sen. Russell discussed bill to reduce wheat stocks through voluntary producer programs.

HOUSE

1. MEAT IMPORTS. Rep. Hoeven stated that "we are importing more livestock and livestock products than we are exporting at a time when we are facing a bumper corn crop and declining hog prices," and cited as "disturbing" the "sharp increase recently in Canadian hog marketings." p. 12060
2. AGRICULTURAL ATTACHES. The Foreign Agricultural Operations subcommittee of the Agriculture Committee voted to report to the full committee H. R. 8074 providing for the assignment of agricultural attaches to duty in the United States for a maximum of four years without change in grade. p. D598
3. MUTUAL SECURITY. Conferees were appointed on H. R. 7500, the mutual security authorization bill for 1959. Senate conferees have already been appointed. p. 12047

4. MONOPOLIES. Concurred in Senate amendments to S. 726, to amend section 11 of the Clayton Act to provide for the more expeditious enforcement of cease and desist orders issued thereunder. This bill will now be sent to the President. p. 12048
5. WHEAT; CORN. Rep. Johnson, Colo., criticized a Wall Street Journal Editorial which he stated "suggests falsely that not a man from a wheat-growing State wants to do anything to avoid further surplus accumulation," scored the new corn program as leading to high production, and inserted his letter and two articles on the subject. pp. 12062-3
6. LEGISLATIVE PROGRAM. The "Daily Digest" states that the House will consider today (July 14) the conference reports on H. R. 5674, the military construction authorization bill (including the use of Public Law 480 foreign currencies), and H. R. 5676, the District of Columbia appropriation bill for 1960. p. D598
7. EXPORTS. This office has received copies of a "committee print" from the Agriculture Committee, "Selected Data Relating to Agricultural Exports and Operation of Public Law 480." It includes tables showing agricultural exports generally, sales for foreign currency, donation, and barter.

SENATE

8. FOOD DISTRIBUTION; COTTON; WHEAT; COOPERATIVES; PUBLIC LAW 480. A subcommittee of the Agriculture and Forestry Committee voted to report (on July 10) to the full committee the following bills: pp. D595-6
An original bill "relating to the distribution of food by the Federal Government;
S. 314, without amendment, to direct the Secretary to make available to textile mills CCC surplus cotton at reduced prices;
S. 1282, with amendment, to provide for the establishment of an advisory committee to study and recommend to the Secretary increases in durum wheat allotments;
S. 2014, with amendment, to amend the Capper-Volstead Act so as to provide for farmer association ownership of marketing facilities by exempting such associations from the anti-trust laws.
The subcommittee "agreed to refer to the full committee the proposed extension of P. L. 480, Agricultural Trade Development and Assistance Act of 1954."
9. DEFENSE DEPARTMENT APPROPRIATION BILL, 1960. Began debate on this bill, H. R. 7454 (pp. 11989-90, 11994-12034). During a discussion regarding the serving of fresh milk to troops in Alaska, Sen. Chavez stated that the Appropriations Committee inserted language in the bill directing the Defense Department to serve grade A milk to the troops "wherever practicable" (p. 12010).
10. APPROPRIATIONS. Received from the President a supplemental appropriation estimate, including amounts for various Departments and agencies (S. Doc. 37). The supplemental includes no funds for this Department. p. 11979
11. ELECTRIFICATION. Sen. Morse commended the S. Appropriations Committee and the Administrator of REA, respectively, for providing funds and approving a loan to the Harney Electric Cooperative in Ore. p. 12038
12. ATOMIC RADIATION. Sen. Morse expressed his support for S. 1628, to provide for additional research on the control of radiation hazards, and expressed his concern over radiation in foods. pp. 12036-7

House of Representatives

MONDAY, JULY 13, 1959

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore, Mr. McCORMACK.

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

JULY 13, 1959.

I hereby designate the Honorable JOHN W. McCORMACK to act as Speaker pro tempore today.

SAM RAYBURN,
Speaker of the House of Representatives.

PRAYER

Dr. Lester L. Haws, First Methodist Church, Yonkers, N.Y., offered the following prayer:

Eternal Father, source of all strength, wisdom, and courage, we turn to Thee in our need. We thank Thee that Thou art the provider of all things and the director of the destinies of man. We praise Thy name that in this universe Thou hast made man to have dominion over all things.

When we think of our responsibilities we are overwhelmed. When we think of the complexities of our problems our souls quail within us. At such moments we thank Thee that Thou art our strength. Though covered by the dark clouds of human failure we catch sight of Thee, O God, standing, "in the shadows, keeping watch above Thine own."

Abide with the Members of the House of Representatives that in each moment of difficult decision they may be aware of Thy presence—helping them to formulate their thought for good, molding their decisions that they may express the right—so that the ultimate result of Government may be the enrichment of life for all its citizens.

We pray in the spirit of Jesus Christ, our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, July 9, 1959, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 3460. An act to amend the Tennessee Valley Authority Act of 1933, as amended, and for other purposes.

The message also announced that the Senate insists on its amendments to the

foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CHAVEZ, Mr. KERR, Mr. McNAMARA, Mr. CASE of South Dakota, and Mr. COOPER to be the conferees on the part of the Senate.

The message also announced the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7509. An act making appropriations for civil functions administered by the Department of the Army, certain agencies in the Department of the Interior, and the Tennessee Valley Authority, for the fiscal year ending June 30, 1960, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ELLENDER, Mr. HAYDEN, Mr. RUSSELL, Mr. McCLELLAN, Mr. ROBERTSON, Mr. HILL, Mr. MAGNUSON, Mr. HOLLAND, Mr. KERR, Mr. DWORSHAK, Mr. YOUNG of North Dakota, Mr. MUNDT, and Mrs. SMITH to be the conferees on the part of the Senate.

MUTUAL SECURITY ACT OF 1954, AS AMENDED

Mr. CARNAHAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri? The Chair hears none, and appoints the following conferees: Messrs. MORGAN, CARNAHAN, ZABLOCKI, CHIPERFIELD, and JUDD.

COMMITTEE ON BANKING AND CURRENCY

Mr. ALBERT. Mr. Speaker, on behalf of the gentleman from Kentucky [Mr. SPENCE] I ask unanimous consent that the Committee on Banking and Currency may have until midnight tonight to file a conference report on the bill S. 1120.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

(The conference report follows:)

CONFERENCE REPORT (H. REPT. NO. 651)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1120) to amend the National Bank Act and the

Federal Reserve Act with respect to the reserves required to be maintained by member banks of the Federal Reserve System against deposits and to eliminate the classification "central reserve city", having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That section 19 of the Federal Reserve Act, as amended, is further amended by striking out the provisos in the fourth and fifth paragraphs of such section, lettered (b) and (c), respectively (U.S.C., title 12, sec. 462), by changing the colon in each such paragraph to a period, and by adding after such fifth paragraph the following:

"Notwithstanding the other provisions of this section—

"(1) the Board of Governors, under such regulations as it may prescribe, may permit member banks to count all or part of their currency and coin as reserves required under this section; and

"(2) a member bank in a reserve city may hold and maintain the reserve balances which are in effect under this section for member banks described in paragraph (a), and a member bank in a central reserve city may hold and maintain the reserve balances which are in effect under this section for member banks described in paragraph (a) or (b), if permission for the holding and maintaining of such lower reserve balances is granted by the Board of Governors of the Federal Reserve System, either in individual cases or under regulations of the Board, on such basis as the Board may deem reasonable and appropriate in view of the character of business transacted by the member bank."

"Sec. 2. (a) The fifth paragraph of section 19 of the Federal Reserve Act, lettered (c) (U.S.C., title 12, sec. 462), is amended by striking out the word 'thirteen' in such paragraph and substituting in lieu thereof the word 'ten'."

"(b) The sixth paragraph of section 19 of the Federal Reserve Act (U.S.C., title 12, sec. 462b) is amended by striking out the words 'on the date of enactment of the Banking Act of 1935', and by inserting before the period at the end thereof the following: 'except that in the case of member banks in reserve cities and central reserve cities the maximum amount of reserves which may be required to be maintained against demand deposits shall be 22 per centum'."

"Sec. 3. (a) The amendments made by the first two sections of this Act shall be effective on the date of the enactment of this Act.

"(b) Effective three years after the date of the enactment of this Act—

"(1) New York and Chicago are reclassified as reserve cities under the Federal Reserve Act;

"(2) the classification 'central reserve city' under the Federal Reserve Act, and the authority of the Board of Governors of the Federal Reserve System to classify or reclassify cities as 'central reserve cities' under such Act, are terminated;

"(3) section 5192 of the Revised Statutes of the United States (12 U.S.C., sec. 144) is amended by striking out 'central reserve or';

"(4) section 2 of the Act of March 3, 1887 (ch. 378; 24 Stat. 560) is repealed;

"(5) the last paragraph of section 2 of the Federal Reserve Act (12 U.S.C., sec. 224) is amended by striking out 'and central reserve cities';

"(6) section 11(e) of the Federal Reserve Act (12 U.S.C., sec. 248e) is amended by striking out 'and central reserve' each place it appears;

"(7) the third paragraph (lettered (a)) of section 19 of the Federal Reserve Act (12 U.S.C., sec. 462) is amended by striking out 'or central reserve'.

"(8) the fifth paragraph (lettered (c)) of such section 19 is repealed;

"(9) subparagraph (2) of the sixth paragraph of such section 19 (as added by the first section of this Act) is amended by striking out 'and a member bank in a central reserve city may hold and maintain the reserve balances which are in effect under this section for member banks described in paragraph (a) or (b).';

"(10) The seventh paragraph of such section 19 is amended by striking out clauses (1), (2), (3), and (4) and inserting in lieu thereof the following: "(1) by member banks in reserve cities, (2) by member banks not in reserve cities, or (3) by all member banks"; and

"(11) the seventh paragraph of such section is further amended by striking out 'and central reserve cities'.

"Sec. 4. Paragraph (c) of section 5144 of the Revised Statutes (12 U.S.C. 61(c)) is amended by inserting before the semicolon at the end thereof a period and the following: 'In any case in which there is more than one holding company affiliate with respect to the same bank or group of banks the establishment and maintenance of the reserve of readily marketable assets required by this paragraph by only one of such holding company affiliates, designated by the Board under such conditions as the Board may prescribe, shall constitute compliance with such reserve requirement: *Provided*, That all of the stock of the banks affiliated with such holding company affiliates which is directly or indirectly owned or controlled by them shall be owned or controlled, directly or indirectly, by the one so designated by the Board. This proviso shall not be interpreted as authorizing the Board to require any such designated company to own such stock directly'.

And the House agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ABRAHAM J. MULTEB,
GORDON L. McDONOUGH,
WILLIAM B. WIDNALL,
E. W. HIESTAND,

Managers on the Part of the House.

A. WILLIS ROBERTSON,
J. W. FULBRIGHT,
JOHN SPARKMAN,
J. ALLEN FREAR, JR.,
HOMER E. CAPEHART,
WALLACE F. BENNETT,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1120) to amend the National Bank Act and the Federal Reserve Act with respect to the reserves required to be maintained by member banks of the Federal Reserve System against deposits and to eliminate the classification "central reserve city", submit the following statement in explanation of the effect of the action agreed

upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the Senate bill and the House amendment. The differences between the House amendment and the substitute agreed to in conference are explained in the following statement, except for minor technical and conforming changes.

TWENTY-TWO PERCENT CEILING

The House amendment contained a provision, not in the Senate bill, raising the ceiling on reserve requirements from 20 percent to 22 percent. This provision, with technical amendments, is included in the substitute agreed to in conference. Under this provision, the Federal Reserve Board would have authority, during the 3-year period in which the central reserve city classification is continued, to fix reserve requirements for central reserve city banks at 22 percent without taking similar action for reserve city banks. After the central reserve city classification is eliminated, the ceiling would continue at 22 percent for all reserve city banks.

RESERVE OF READILY MARKETABLE ASSETS

Section 4 of the Senate bill would amend a provision contained in section 5144 of the Revised Statutes (12 U.S.C. 61) which requires "holding company affiliates" to establish and maintain reserves of readily marketable assets amounting to at least 12 percent of the aggregate par value of the bank stocks they control. This provision has been interpreted by the Federal Reserve Board to require, in cases where there are several bank holding company affiliates superimposed upon each other, that each "holding company affiliate" maintain this 12 percent reserve.

Section 4 of the Senate bill would authorize the Federal Reserve Board to designate one of the chain of "holding company affiliates" which would have to maintain the 12 percent reserve and would exempt the other holding company affiliates from the requirement.

No such provision was contained in the House amendment. This amendment was recommended to the Congress by the Comptroller of the Currency and the Federal Reserve Board has no objection to it. The amendment was eliminated from the bill by the House Banking and Currency Committee because they had not had the benefit of hearings on it but it is included in the substitute agreed to in conference inasmuch as the managers on the part of the House have had an opportunity to consider the amendment and see no objection to it.

PURPOSE OF LEGISLATION

During the debate on this bill in the House, questions were raised as to whether the purpose of this bill was to transfer Government securities held by the Federal Reserve Banks to privately owned commercial banks. To avoid any possible misunderstanding on this point, the managers on the part of the House wish to emphasize that it is not the intent of this legislation to encourage or cause the Federal Open Market Committee to reduce the Federal Reserve System's holdings of Government securities. As was made clear in the House debate, the purpose of this bill is simply to make needed reforms in the structure of reserve requirements.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ABRAHAM J. MULTEB,
GORDON L. McDONOUGH,
WILLIAM B. WIDNALL,
E. W. HIESTAND,

Managers on the Part of the House.

COMMITTEE ON THE JUDICIARY

Mr. ALBERT. Mr. Speaker, on behalf of the gentleman from New York [Mr. Celler] I ask unanimous consent that the Committee on the Judiciary and subcommittees thereof may be permitted to sit this week during general debate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that the Committee on Health and Safety of the Committee on Interstate and Foreign Commerce may sit during general debate this afternoon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

AMENDING SECTION 11 OF THE CLAYTON ACT

Mr. ROGERS of Colorado. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill, S. 726, to amend section 11 of the Clayton Act to provide for the more expeditious enforcement of cease and desist orders issued thereunder, and for other purposes, and agree to the Senate amendments to the House amendment. These amendments were made by the Senate to clarify and correct two clerical errors:

The Clerk read the title of the bill.

The Clerk read the Senate amendments to the House amendment, as follows:

On page 5, line 3, the phrase "or other," which is a duplication, is deleted; and on page 5, line 10, the words "for time" are stricken and "forth the" are inserted in lieu thereof.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

Mr. HALLECK. Mr. Speaker, reserving the right to object, I would like to inquire of the gentleman if this has been cleared with the minority members.

Mr. ROGERS of Colorado. Yes, it has.

Mr. HALLECK. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Senate amendments to the House amendment were concurred in.

A motion to reconsider was laid on the table.

CORRECTION OF THE RECORD

Mr. STRATTON. Mr. Speaker, I ask unanimous consent to correct the Record of July 9, on page A5920.

Mr. Speaker, in the Appendix of the Record on July 9 at page A5920 appear certain remarks attributed to me with reference to the investigation currently being conducted by the Special Investi-

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Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: Senate received supplemental appropriation estimate for use of foreign currencies.

SENATE

- 1. APPROPRIATIONS.** Received from the President appropriation estimates and proposed authorizations to use foreign currencies; to Appropriations Committee (S. Doc. 38) (p. 12442). The document includes for this Department a supplemental estimate for fiscal year 1960 of \$8,000,000, to remain available until expended, for the purchase of foreign currencies pursuant to section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended, for carrying on additional agricultural and forestry research overseas. A breakdown of the proposed supplemental estimate is as follows: \$4,410,000 for farm, home economics, and agricultural utilization research; \$2,700,000 for forestry research; and \$890,000 for agricultural marketing research.
- 2. SUGAR.** The Foreign Relations Committee reported without reservation the new International Sugar Agreement (Exec. Rept. 6). p. 12441
- 3. ACCOUNTING.** Concurred in the House amendment to H. R. 6134, to amend the Federal Employees Pay Act so as to eliminate the authority to charge to certain current appropriations or allotments the gross amount of the salary earnings of Federal employees for certain pay periods occurring in part in previous fiscal years. The House amendment authorizes former Members of Congress appointed to positions

in the Executive branch to receive pay at any step within the grade to which appointed. This bill will now be sent to the President. pp. 12459-60

4. VETERANS; FARM LOANS. Sen. Yarborough spoke in favor of enactment of S. 1138, to provide for readjustment assistance to veterans who served in the Armed forces between Jan. 31, 1955, and July 1, 1963, including authorization for farm loans and on-farm training courses, and inserted tables on the number of World War II and Korean veterans who have received readjustment assistance. pp. 12458-9
5. FARM PROGRAM. Sen. Case, S. Dak., discussed "the many outstanding achievements of the Republican administration," including the farm program, and stated that "Farmers' gross and per capita income for 1958 were at the highest levels in history." pp. 12456-7
6. FOREIGN AID. The "Daily Digest" states that the conferees agreed to file a report on H. R. 7500, the mutual security authorization bill, and includes a table showing the action of the conferees on various items in the bill. p. D627
Sen. Bartlett discussed his reasons for opposing this bill as passed by the Senate. pp. 12460-2
Sen. Wiley inserted a Milwaukee Association of Commerce resolution urging the Government to require foreign economic loans and grants to be used for the procurement of goods and services in this country. p. 12442
7. HOUSING. Sen. Sparkman inserted and discussed articles in the N. Y. Times discussing the President's veto of the housing bill. pp. 12444-6
8. CONSERVATION. The Labor and Public Welfare Committee was granted permission to file a report on S. 812, to authorize the establishment of a Youth Conservation Corps, during the adjournment of the Senate this weekend. p. 12442
9. SURPLUS COMMODITIES; FOREIGN TRADE. As reported by the Agriculture and Forestry Committee, S. 1748, to extend Public Law 480, provides as follows: Extends title I (relative to the sales of surplus commodities for foreign currencies) and title II (relative to the donation of surplus commodities for famine relief in friendly foreign countries), for 1 year until December 31, 1960; increases the authorization under title I by \$1.5 billion (to \$3,750,000,000); and increases the authorization under title II by \$300,000 (to \$1,100,000,000). The committee report contains the following statements:

"A number of suggested changes in Public Law 480 were received from the Department of Agriculture just prior to the meeting at which the committee voted to report out S. 1748, and the committee is informed of many additional proposals to amend Public Law 480. There is no doubt considerable merit in these proposals and they deserve to be very carefully examined. This the committee proposes to do. However, it is essential that the bill be extended, without lapse (as has been the case previously), and the committee felt that a simple extension of the bill should be reported and passed immediately, to be followed by consideration of needed amendments. This will permit orderly programming under the act and permit appropriate consideration of proposed changes. It is the hope of the committee that this bill can be passed without being encumbered with amendments which have not yet received the consideration which the committee proposed to give to them."***

CHICAGO RIVER

Committee on Interstate and Foreign Commerce: The Subcommittee on Transportation and Aeronautics met as reported in the DIGEST on Wednesday, July 15, and also ordered favorably reported to the full committee H.R. 7948 (amended), to declare nonnavigable a part of the west arm of the South Fork of the South Branch of the Chicago River situated in Chicago, Ill.

FEDERAL POWER ACT

Committee on Interstate and Foreign Commerce: The Subcommittee on Communications and Power will resume hearings on July 27 on H.R. 5309, to amend part I of the Federal Power Act re upstream benefits; and H.R. 7201 and 7494, re comprehensive operation of hydroelectric power resources of the United States.

MERCHANT MARINE ACT

Committee on Merchant Marine and Fisheries: Subcommittee on Merchant Marine held hearing on H.R. 7601, amending the Merchant Marine Act of 1936, to provide further requirements for applicants for and contractors under operating-differential subsidy contracts. Testimony was heard from Clarence Morse, Maritime Administrator.

SOCIAL SECURITY ACT AMENDMENT

Committee on Ways and Means: Concluded hearings on H.R. 4700, to amend the Social Security Act to provide insurance for the cost of hospital, nursing home, and surgical services for persons eligible for old-age and survivors insurance benefits. Public witnesses were heard.

Joint Committee Meetings

UNDERSEA WARFARE

Joint Committee on Atomic Energy: The Military Applications Subcommittee concluded, in executive session,

its hearings to receive briefings on the subject of undersea warfare. Principal witnesses heard were Vice Adm. John T. Hayward, Deputy CNO for Development; Rear Adm. W. F. Raborn, Director of Special Projects, Bureau of Ordnance; and Rear Adm. Ralph K. James, Chief, Bureau of Ships.

MUTUAL SECURITY

Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of H.R. 7500, mutual security authorizations for fiscal 1960. The following table of figures sets forth the action of the conferees:

	Conference	Adjustments made against House bill	Adjustments made against Senate amendment to House bill
Military assistance..... ¹	\$1, 400, 000, 000	—\$40, 000, 000	+\$100, 000, 000
Defense support.....	751, 000, 000	+1, 000, 000	—500, 000
Development Loan Fund.. ²	700, 000, 000	.....	—50, 000, 000
Technical cooperation....	211, 000, 000	.....	.....
Special assistance.....	247, 500, 000	—2, 500, 000	+2, 880, 000
U.N. High Commissioner for Refugees.....	1, 100, 000	.....	.....
Escapees.....	5, 200, 000	.....	.....
Children's welfare.....	12, 000, 000	.....	.....
Palestine refugees.....	25, 000, 000	.....	.....
Ocean freight.....	2, 300, 000	.....	.....
Administrative expenses..	39, 500, 000	.....	.....
Atoms for Peace.....	6, 500, 000	.....	.....
Contingency Fund.....	155, 000, 000	+55, 000, 000	—25, 000, 000
Small business.....	.....	.....	—2, 500, 000
International Cooperation in Health.....	.....	.....	—2, 000, 000
NATO Parliamentary Conference.....	100, 000	+100, 000	.....
World Refugee Year.....	.....	.....	—10, 000, 000
Total.....	3, 556, 200, 000	+13, 600, 000	+12, 880, 000

¹ Conferees authorized such funds as may be necessary in fiscal years 1961 and 1962.

² In addition, a sum not to exceed \$1,100,000,000 was authorized to be advanced prior to July 1, 1961.

BILLS SIGNED BY THE PRESIDENT

New Laws

(For last listing of public laws, see DIGEST, p. D606, July 14)

S.J. Res. 111, providing for the designation of the week following the Fourth of July as "Captive Nations Week." Signed July 17, 1959 (P.L. 86-90).

S. 96, proposed Defense Department Overseas Teachers Pay and Personnel Practices Act. Signed July 17, 1959 (P.L. 86-91).

H.R. 2497, adding certain lands in Idaho to the Boise and Payette National Forests. Signed July 17, 1959 (P.L. 86-92).

S. 42, to authorize use of a limited amount of storage space in Table Rock Reservoir for water supply for a fish hatchery. Signed July 17, 1959 (P.L. 86-93).

S. 1904, authorizing the use of funds arising from a judgment in favor of the Citizen Band of Potawatomi Indians of Oklahoma, and the Prairie Band of Potawatomi Indians of Kansas. Signed July 17, 1959 (P.L. 86-94).

S. 2045, to authorize the use of funds arising from a judgment in favor of the Coeur d'Alene Indian Tribe. Signed July 17, 1959 (P.L. 86-95).

H.R. 3368, to extend the programs for special enlist-

ment in the Armed Forces Ready Reserves. Signed July 17, 1959 (P.L. 86-96).

S. 1903, authorizing a per capita distribution of funds arising from a judgment in favor of the Quapaw Tribe. Signed July 17, 1959 (P.L. 86-97).

H.R. 4072, relative to licensing of dentists in District of Columbia. Signed July 17, 1959 (P.L. 86-98).

H.R. 7567, to extend for 2 years the privilege of free importation of gifts from members of the Armed Forces of the U.S. on duty abroad. Signed July 17, 1959 (P.L. 86-99).

H.R. 904, to rename the New Richmond Dam on the Ohio River near Chilo, Ohio, the Capt. Anthony Mel-dahl Dam. Signed July 17, 1959 (P.L. 86-100).

TABLE 5.—Number of veterans of World War II who entered training in each State¹—Continued

State or Territory	Veterans of World War II ²	Total entered training ³	Type of training				State or Territory	Veterans of World War II ²	Total entered training ³	Type of training			
			Institutions of higher learning	Schools below college level	Institutional on-farm	On-the-job				Institutions of higher learning	Schools below college level	Institutional on-farm	On-the-job
Louisiana.....	239,000	155,000	30,700	90,600	16,400	17,300	Ohio.....	858,000	383,100	123,900	170,800	19,500	68,900
Maine.....	83,000	38,700	6,200	14,300	2,400	15,800	Oklahoma.....	214,000	135,000	40,000	38,000	28,000	29,000
Maryland.....	242,000	121,900	35,500	59,900	2,700	23,800	Oregon.....	166,000	77,000	27,000	31,000	5,000	14,000
Massachusetts.....	227,000	246,400	92,100	101,800	500	52,000	Pennsylvania.....	1,164,000	587,700	134,500	327,800	13,200	112,200
Michigan.....	681,000	275,000	88,500	140,800	12,000	33,700	Puerto Rico.....	54,000	43,600	5,100	36,000	1,200	1,300
Minnesota.....	297,000	142,700	44,500	51,300	18,800	28,100	Rhode Island.....	94,000	32,800	12,300	12,800	300	7,400
Mississippi.....	162,000	119,000	26,000	44,000	30,000	19,000	South Carolina.....	163,000	102,000	16,400	49,400	25,200	11,000
Missouri.....	387,000	227,500	51,500	95,200	35,700	45,100	South Dakota.....	57,000	25,500	6,600	6,500	6,500	5,900
Montana.....	59,000	28,900	7,600	8,800	5,000	7,500	Tennessee.....	299,000	203,000	37,000	80,000	41,000	45,000
Nebraska.....	119,000	65,500	16,500	17,600	12,100	19,300	Texas.....	774,000	453,000	137,500	200,400	47,200	68,100
Nevada.....	18,000	7,700	2,200	3,700	400	1,400	Utah.....	72,000	46,000	19,300	13,500	4,000	9,200
New Hampshire.....	55,000	23,300	5,400	8,800	1,000	8,100	Vermont.....	32,000	16,000	4,000	4,200	1,800	6,000
New Jersey.....	555,000	209,600	56,600	123,300	2,700	27,000	Virginia.....	302,000	116,300	27,600	42,500	15,600	30,600
New Mexico.....	72,000	37,400	11,000	15,200	3,800	7,400	Washington.....	230,000	110,900	39,000	51,600	5,000	15,300
New York.....	1,598,000	790,000	263,000	426,000	9,000	92,000	West Virginia.....	190,000	73,600	18,400	28,200	6,600	20,400
North Carolina.....	338,000	197,900	34,300	65,700	49,100	48,800	Wisconsin.....	307,000	131,600	45,200	40,400	12,800	33,200
North Dakota.....	48,000	22,800	6,600	4,600	5,300	6,300	Wyoming.....	28,000	14,400	4,000	4,600	3,000	2,800

¹ Totals and other data rounded.² March 1955.³ April 1955; source data show VA regional office having current jurisdiction of veterans' records. Distribution by State estimated from foregoing.⁴ Includes veterans residing in foreign countries, not identified below.

TABLE 6.—Number of Korean veterans who entered training in each State cumulative through June 17, 1959

State	Total	Institutions of higher learning	Schools below college level	Farm	Job	State	Total	Institutions of higher learning	Schools below college level	Farm	Job
Total.....	2,229,100	1,123,300	798,200	91,300	216,300	Continental United States, total—Continued					
Alabama.....	57,400	20,600	32,200	1,000	3,600	Nebraska.....	22,500	8,800	4,700	6,200	2,800
Alaska.....	1,300	400	900	(1)	(1)	Nevada.....	2,200	1,500	400	0	300
Arizona.....	14,100	9,400	3,200	100	1,400	New Hampshire.....	6,000	2,500	2,200	(1)	1,300
Arkansas.....	22,000	9,000	6,000	4,100	2,900	New Jersey.....	51,100	26,300	18,100	(1)	6,700
California.....	218,500	151,000	49,400	1,000	17,100	New Mexico.....	12,300	6,300	4,700	200	1,100
Colorado.....	26,200	16,600	5,400	1,000	3,200	New York.....	192,500	105,900	68,000	200	18,400
Connecticut.....	27,700	13,800	8,500	(1)	5,400	North Carolina.....	58,800	21,000	19,700	8,200	9,900
Delaware.....	3,500	1,600	1,100	(1)	800	North Dakota.....	10,200	5,400	2,600	1,300	900
District of Columbia.....	28,200	12,400	12,900	(1)	2,900	Ohio.....	89,700	49,600	28,800	1,500	9,800
Florida.....	60,800	23,600	31,800	700	4,700	Oklahoma.....	39,300	24,400	11,000	1,500	2,400
Georgia.....	61,600	22,100	32,100	2,100	5,300	Oregon.....	19,600	12,200	5,700	300	1,400
Idaho.....	7,700	3,700	2,400	600	1,000	Pennsylvania.....	134,300	59,800	59,600	500	14,400
Illinois.....	115,200	57,400	41,700	7,200	8,900	Rhode Island.....	10,300	3,500	5,400	(1)	1,400
Indiana.....	46,500	27,200	12,600	2,900	3,800	South Carolina.....	29,900	8,500	17,400	1,300	2,700
Iowa.....	31,600	15,100	5,500	7,700	3,300	South Dakota.....	12,000	5,400	1,600	4,000	1,000
Kansas.....	22,900	15,800	3,700	2,300	1,100	Tennessee.....	48,900	21,000	17,100	4,900	5,900
Kentucky.....	32,600	13,400	12,000	3,800	3,400	Texas.....	130,100	74,200	47,300	3,800	4,800
Louisiana.....	43,700	16,000	24,000	1,200	2,500	Utah.....	19,300	13,000	4,600	400	1,300
Maine.....	7,900	3,000	2,700	(1)	2,200	Vermont.....	3,700	1,500	700	300	1,200
Maryland.....	27,600	15,500	8,100	300	3,700	Virginia.....	31,800	11,700	10,500	3,000	6,600
Massachusetts.....	72,400	35,800	26,600	(1)	10,000	Washington.....	35,900	21,400	11,300	200	3,000
Michigan.....	75,800	43,000	26,500	1,100	5,200	West Virginia.....	21,300	11,100	5,900	400	3,900
Minnesota.....	49,800	22,200	15,000	6,200	6,400	Wisconsin.....	40,500	22,800	8,900	3,100	5,700
Mississippi.....	26,700	17,300	6,500	1,400	1,500	Wyoming.....	3,300	2,100	400	400	400
Missouri.....	59,000	15,700	33,100	4,500	5,700	Outside United States:					
Montana.....	7,900	4,700	1,300	300	1,600	Territories and possessions, total.....	48,500	10,800	36,200	100	1,400
						Foreign, total.....	6,500	6,300	200		(1)

¹ Less than 50.

Mr. YARBOROUGH. Mr. President, I see the GI bill as a means of persuading thousands and thousands of young men to raise their standards, and this country's standards, through education. I do not believe in crippling this program before it gets a chance to raise those standards, and fulfill our obligations to our cold war servicemen. Let us show we really care for the sacrifices they are making.

WITHIN-GRADE STEP PAY RATES OF FORMER MEMBERS OF CONGRESS IN EXECUTIVE BRANCH OF THE GOVERNMENT

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair) laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 6134, which was read as follows:

Resolved, That the House agree to the amendments of the Senate to the bill (H.R.

6134) entitled "An Act to amend the Federal Employees Pay Act of 1945 to eliminate the authority to charge to certain current appropriations or allotments the gross amount of the salary earnings of Federal employees for certain pay periods occurring in part in previous fiscal years", and concur therein with an amendment as follows:

At the end of the engrossed amendment of the Senate to the text of the bill, insert the following:

"Sec. 3. (a) The amendment made by section 2(a) of this Act shall become effective as of January 1, 1958.

"(b) The amendment made by section 2(b) of this Act shall become effective as of September 2, 1958.

"(c) Retroactive compensation or salary shall be paid, by reason of the amendments made by section 2 of this Act and the provisions of subsections (a) and (b) of this section, only to a former Member of the Senate or House of Representatives who, on the date of enactment of this Act, is in a position subject to the Classification Act of 1949 or the Postal Field Service Compensation Act of 1955, as the case may be, and with respect to whom appropriate administrative action is taken, pursuant to the amendments made by section 2 of this Act

and the provisions of subsections (a) and (b) of this section, to advance such member to a higher step rate of the grade or salary level concerned, as the case may be; and, when such administrative action is taken, such retroactive compensation or salary shall be paid to such former member for all periods from and after the date of appointment of such former member to the position concerned."

Mr. JOHNSTON of South Carolina. Mr. President, on July 6, 1959, the Senate approved H.R. 6134, with an amendment. The amendment was designed to correct an oversight which affects the within-grade step pay rate to which former Members of Congress may be assigned if they accept a position in the executive branch of the Government.

All other employees, including legislative employees, may be assigned a within-grade step rate which is not above the salary they were previously receiving as a Federal employee. This is not the case insofar as Members of Congress are concerned. They must begin at the first

step of the pay grade of the position to which they are assigned.

The Senate amendment would remove this obvious discrimination against Members of Congress.

Mr. President, the bill has been returned to the Senate with a House amendment to the Senate amendment. The House amendment provides an effective date for the Senate amendment. This is necessary in order that it may apply to former Members of Congress currently employed in the executive branch whose salary could not be fixed at the proper step rate of the grade to which they were appointed. The House amendment, by fixing an effective date to the Senate amendment, authorizes appropriate administrative correction to the situation.

Mr. President, as the House amendment simply makes sure that the purpose of the Senate amendment will be carried out, I move that it be concurred in by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Carolina.

The motion was agreed to.

TEMPORARY COMMISSION ON COAL MINE SAFETY

Mr. COOPER. Mr. President, yesterday I introduced a bill which was referred to the Committee on Labor and Public Welfare, and which has been designated as S. 2403.

I had written a short statement in my own handwriting concerning the bill, but because I am certain that my handwriting is difficult to read, several typographical errors occurred in the printing of the remarks in the Record. Therefore, I wish to repeat today the statement I made yesterday on the purpose of the bill.

S. 2403 would establish a temporary Commission on Coal Mine Safety, which would conduct hearings on the factors relating to mine safety. The Commission would make recommendations to the President and Congress.

I am certain, from my study of mine safety legislation, that there is a necessity for a thorough review of mine safety statistics to determine their accuracy. There is an imperative necessity to have accurate information about the effectiveness of the present mine safety legislation and actual practices under both the Bureau of Mine Safety and State agencies. It is important to learn what should be done both at the Federal level and the State level, by way of legislative enforcement to insure the best possible protection for those who risk their lives every day in the mines.

The Senate Committee on Labor and Public Welfare has scheduled hearings for July 21 and July 22 to consider the bills before it which deal with amendments to the Federal Mine Safety Act, and designed to provide fuller safety for those who labor in the mines.

One of the bills I introduced several months ago for myself and other Senators is S. 1562. A second bill was introduced by the senior Senator from Pennsylvania [Mr. CLARK] for himself and

other Senators, S. 743. In all fairness, I must say that I will support S. 1562, which I introduced several months ago.

But I introduced the bill yesterday because I desire to secure from the appropriate agencies of the Federal Government an opinion as to its value and also an opinion as to the necessity of the procedures which are established in S. 2403 and, I may say, in the bill which I introduced, S. 1562.

One of my objections to S. 743 is that it does not go to the root of the problem of mine safety. It does not attempt to discover methods by which mine safety can be better assured.

The bill I introduced several months ago, S. 1562, would insure that all mines, including mines employing less than 14 miners, could be closed immediately whenever imminent danger was discovered.

It will also require the best study of mine safety measures that has been undertaken in many years. I hope the mine operators, the United Mine Workers of America, and all other mine-workers will give it their support.

THE MUTUAL SECURITY ACT

Mr. BARTLETT. Mr. President, I ask unanimous consent that I may speak for a few minutes exceeding the limitation fixed for remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator may proceed.

Mr. BARTLETT. Mr. President, when a Member of the Senate casts his vote, as I did, on important proposed legislation such as the Mutual Security Act of 1959, I believe it appropriate for him to indicate the reasons for his vote.

All of us know that the mutual security program has made many worthy projects possible. Its objectives are sound. No sound alternative to the mutual security concept has been proposed.

Moreover, Mr. President, I believe that the Committee on Foreign Relations, under the able leadership of the junior Senator from Arkansas, improved greatly the mutual security program proposed by the President. The committee gave greater emphasis to NATO, to the economic objectives of the mutual security program, to the desirability of limiting the secrecy which enwraps foreign aid, to curbing the use by dictators of American aid for the purpose of repressing aspirations for political freedom, and to the promotion of multilateral and regional programs. I supported the committee's efforts to finance the Development Loan Fund on a reasonable, long-term basis.

These emphases by the committee represented a wholesome influence upon mutual security. In my judgment, however, they did not go far enough toward the new directions which the program so badly needs. I cast my vote to express my conviction that the mutual security program should reflect America's affirmative belief in the principles of free government, and should not be a mere stopgap, negative counterpunch to any particular brand of totalitarianism. I cast my vote also to emphasize the necessity of bringing mutual security more

closely under the control of the Congress, as representing the American people.

The provision in the bill that "internal security requirements shall not be the basis for military assistance programs to American Republics" is a good expression of sentiment, but an ineffective safeguard of one of the vital principles to which I refer. As long as we continue to offer military aid to totalitarian regimes—upon whatever basis we do so—we may be sure that our military assistance will be used to suppress popular discontent and democratic ferment. I believe that American foreign aid should offer the alternative of liberty and economic progress to people who would know—without such aid—only a choice between poverty and tyranny. I cannot support foreign aid that does not stimulate or protect free institutions, and which indeed reinforces dictatorships.

If it should be suggested that the senior Senator from Alaska desires to "police" the morals of the world, I would reply that it is possible to be neither a policeman, nor an abetter of wrong. Even in this age of cultural relativism, I am not ashamed or embarrassed to stand in the Senate and proclaim my belief in free government and my hope that freedom—adapted to local cultures and conditions, to be sure—will be a reality enjoyed by more and more of our fellow human beings all over the globe.

Moreover, Mr. President, I cannot reconcile the position taken by this administration—which underdefends vital areas of the United States—such as the State of Alaska—and which refuses to maintain a standing Army at the level desired by Congress—that the existence of less skilled, less reliable, and more poorly equipped ground troops in such areas as Central America is imperative to our national security.

Nor, Mr. President, can I believe that the provision in the bill which requires the President to "make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States" is more than hollow phraseology. We can anticipate no change in the exercise of executive privilege, which has been taken always in the name of national security.

The basic issue—not only in respect to H.R. 7500, but in respect to America's present situation as a whole—is whether we believe democracy, as a way of life, is fit to do battle in the cold war, or whether—out of a vague fear that democracy may be an anachronism—we shall compromise it for the sake of "security" and "efficiency." The cardinal questions of our time are "security for what?" and "efficiency for what?" Parenthetically, surely those who know America as the citadel of liberty blinked in disbelief when this body voted to deny aid to nations which expropriate U.S. property, or property owned by U.S. nationals, and voted immediately thereafter to continue aid—and moreover, to reject even the suggestion of the advisability of restricting aid—to countries that deny human rights to American citizens.

Mr. President, at page 7 of its report, the Committee on Foreign Relations noted that foreign aid is a tool of foreign policy, and should not be confused with foreign policy itself. The committee did not make the point that should be kept uppermost in mind: foreign policy is a tool of democracy. It exists to make the world safe for democracy. When foreign policy departs from democracy, when the people lose control of foreign policy, then the people lose interest. And when the people lose interest, foreign policy loses the support, the vitality, and the ideas of the people. Our system will triumph over the Soviet system because of a greater involvement of our people in national policy, because out of our people come the humanity, the spiritual intangibles, of American policy.

I believe that the people of the United States—who would support eagerly a foreign aid program in which their participation as citizens was encouraged and the facts of which were made available frankly to the elected representatives—grow restive over the secrecy that clouds the program and, in fact, prevents Congress from exercising its constitutional prerogatives over the public purse. I agree with the committee that “much of the public misunderstanding of the mutual security program can be traced to the lack of information about it. Many of the recent criticisms of the program could be answered by a greater disclosure of the facts.”

More detailed information, country-by-country, and greater control of mutual security by the Congress, would hearten the supporters of the mutual security program—and I am one of them—for we would be assured thereby that the people of the United States—who are the source of foreign aid—are apprised of the purposes and projects of the program. To be sure, fuller disclosure would bring to light both the good and the bad of mutual security policy. But our free Government has proceeded traditionally on the premise that the exposure of national policy to critical, informed, appraisal promotes better policy and wiser decisions. I see no reason to depart from this premise in 1959 or 1960, when it has served America well since 1789. Moreover, I am confident that in balance, the foreign aid concept would win friends as a result of fuller, more frank, disclosures and congressional supervision. Perhaps it is a paradox that the most ardent supporters of H.R. 7500 feared the results of greater knowledge of the program.

It has been said, Mr. President, that “the gift without the giver is bare.” I am sure that American aid abroad would be more meaningfully received if other nations knew such aid to be the handiwork of the American people, not merely the product of an oligarchy of executive technicians.

Those of us in the Senate who desired to bring the foreign aid program closer to the people and who proposed mechanisms for closer congressional supervision were told that fuller information, on a country-by-country basis, about mutual security, would cause jealousies among foreign nations. Competitive countries,

engaged in rivalries of their own, would compare the generosity of the United States in respect to each other. I submit, Mr. President, that the objection is not meaningful when one realizes that knowledge of our aid policy, country by country, is available often overseas before it is available in Congress—and sometimes, it is never available in Congress.

In the environment of a cold war, a democratic nation may slip—almost imperceptively and unknowingly—into breach of faith with its constitutional tradition. In our urgent concern for where we are headed, we may forget for a fatal, unretractable moment, where we have been. This terrible tendency is accelerated by an expanding bureaucracy. Therefore, we must be especially sensitive in these crucial times that we maintain our institutions and our heritage of popular control. Short-run inconveniences may accompany rigid adherence to our heritage of an informed populace involved in the policy function, but in the longrun, we reap these advantages over our Soviet counterpart:

First. Our decisions, exposed to the light of self-criticism and popular sentiment, are better decisions.

Second. Our people remain alert, informed, and politically vigorous.

Third. Our policies are received abroad with greater appreciation of the good and greater tolerance of the bad, because other nations know that in America—even in respect to foreign policy—the people are sovereign.

But, Mr. President, my opposition to the mutual security program, as it was passed by the Senate, is far broader than the issue of democratic procedures that are responsive to the will of the people. I am concerned no less by policy aspects of the program which need rethinking. And if the specter of increased foreign jealousies is a relevant objection to the plea for country-by-country revelations and fuller congressional supervision, it is a relevant objection to vast military aid to countries like Pakistan, for example. The committee's report stated that—

Pakistan, which devoted 30 percent of its budget to its armed forces, is unable even to produce enough food for its expanding population and could not, without outside help, avoid an absolute decline in living standards which are already among the lowest in the world.

Our aid to Pakistan causes concern and consternation in India and gives India apparent justification for the maintenance of substantial military forces, which strains the Indian economy which we are trying to assist. It seems to me that if the concern about the stimulation of world jealousies is applicable to suggestions that Congress retain its legislative responsibility for expenditures, we should look more closely at the practice of encouraging arms races in underdeveloped areas.

And if such assistance gives to our country a Machiavellian image, as we are seen in distant areas of the world, we should hardly be surprised that other nations receive our aid, on occasion, with equally Machiavellian cynicism. Nor,

Mr. President, am I satisfied that the military largesse which we distribute around the world and which so patently creates tensions in many areas will always be used for proper causes in the interest of the United States.

Mr. President, the record will show that I supported every proposed reduction of military assistance, and opposed every reduction in grants for economic development.

I am fearful that our economic aid in the underdeveloped areas is operating—in terms of a metaphor used by the late Senator Vandenberg—like a 15-foot rope tossed to a struggling man who is 20 feet out to sea. The disparity between our standard of living and the standard of living in southeast Asia, for example, grows greater and more ominous.

Although we should recognize the existence of theoretical maximum levels of aid absorption which can be computed on a country-by-country basis, it is apparent that these levels are not reached, and that they are not fixed like stars in the heavens, but vary according to the skill with which aid is utilized by both the giver and the recipient, in cooperative effort.

Mr. President, at the end of 1956, a study printed by the Special Committee To Study the Foreign Aid Program of the U.S. Senate warned us that a “small aid program, like the present technical assistance and development assistance programs, more or less as a token of America's interest in the development of the poorer countries would be useless.”

This same report—prepared at the University of Chicago—added that “an economic aid program must be conceived as a long-run enterprise and that some guarantee of its duration is as important as is the total magnitude of the program.”

In my judgment, the mutual security bill—called a stopgap measure by a leading proponent—reveals that the Senate has ignored again these warnings by allowing our economic assistance to continue at insufficient levels—levels that on a per capita basis, in view of population growth in the underdeveloped areas, become smaller and smaller—and by refusing to endorse the committee's proposal for long-term financing of the Development Loan Fund.

Our present program of economic aid may serve to give us an illusion of altruism, a sense of self-satisfaction at a job well done. If that is the case, and nothing more, the so-called mutual security program is a maginot line of our security, in reality. It may provide us with peace of mind, but not with peace itself.

In conclusion, Mr. President, I hope that these remarks have expressed my support for economic aid, my misgivings about military assistance on the present scale and on the present indiscriminate basis, and my conviction that the foreign policy of the United States should remain close to the people. If our foreign policy has remained stagnant since the days of the Truman administration, if among the people of our country there is an indifference in some quarters regarding candidates and issues and principles, none of us here should be surprised. The

responsibility lies with us, for complacency in the face of mushrooming secrecy, executive encroachment, shortcut procedures, and stopgap legislation.

Perhaps this is the age of specialization in science and technology, but the art of free government must ever remain the art of all the people. No costs and no sacrifices are too great if they serve the cause of freedom and are adopted by the informed people, freely and knowingly. But no costs and no sacrifices, however small, can be justified if they compromise, confuse, or disregard the meaning of America.

AWARD TO LEO A. HOEGH

Mr. SALTONSTALL. Mr. President, Leo A. Hoegh, Director of the Office of Civil and Defense Mobilization, is a close friend of many of us here on the Hill, where we have long been aware of his ability and of the fine work he has been doing to create a better defense for our country.

Recently his work received recognition from a new direction, when he was awarded the Eloy Alfaro Grand Cross and Diploma by the Eloy Alfaro International Foundation of the Republic of Panama. The presentation was made by Dr. Herman Bayern, American Provost of the Foundation, who described Eloy Alfaro as the Abraham Lincoln of Latin America.

The award made to Governor Hoegh includes the motto, "Thus one goes to the stars," a most appropriate one in this case. The award itself is attached, and I ask leave to have it printed in the RECORD as part of my remarks.

There being no objection, the award was ordered to be printed in the RECORD, as follows:

Fundación Internacional Eloy Alfaro—sit itur ad astra—La fundación Internacional Eloy Alfaro reconociendo el especial valor de los servicios prestados por el Honorable Leo A. Hoegh, en orden a los fines de esta institución, le ha concedido la cruz de la fundación Internacional Eloy Alfaro en testimonio de lo expresado se extiende el presente diploma con el sello de la fundación en la ciudad de Panamá, República de Panamá, a veintiocho de enero de mil novecientos cincuenta y nueve.

[Translation]

Eloy Alfaro International Foundation—"thus one goes to the stars"—recognizing the special value of the services rendered by the Honorable Leo A. Hoegh in support of the objectives of this institution, he has been awarded the Cross of the Eloy Alfaro International Foundation in witness whereof, this diploma with the seal of the foundation is presented in the city of Panama, Republic of Panama, on the 28th of January 1959.

KOZLOV'S VISIT AND THE CAPTIVE NATIONS

Mr. HUMPHREY. Mr. President, the recent visit of Soviet First Deputy Premier, Frol R. Kozlov, to open the Soviet Exhibition in New York City is a high point in the increased tempo of Soviet-American cultural relations. Mr. Kozlov is reported to be the heir apparent of Premier Khrushchev, that he

should visit our country and meet our leaders both on the executive side and in Congress and in private life is, I believe, indeed significant. Mr. Nixon's visit to Moscow, to open an American exhibit there, and his tour of the Soviet Union are also, I believe, going to be constructive. Let the Russian leaders see us for what we are; and let us seek to see them and their people for what they are.

A recognition of the talents of both peoples will arise from such encounters, which may well lay the foundation for greater mutual friendship and respect. This is all to the good, because it helps to lessen the tensions and helps to create a mood of understanding, if not conciliation.

Great danger is inherent in these exchanges only if they are not regarded in the proper light and in their proper place. Cultural relations, by their nature, lie on the periphery of international relations. At the vital center of these relations are the conflicts of power and interest. The cold war is not the result of cultural ignorance or misunderstanding. The cold war was initiated and is sustained by the Soviet Union's policies of expansion and international subversion.

While cultural interchange can play an important role in easing tensions between the Communist world and the free world—and, indeed, I feel that cultural interchange is very important—it would be dangerous to assume that profound conflicts of national interests can be melted away by greater cultural understanding. This is in no way to underestimate the importance and the significance of these exchange programs. I believe they do make very significant contributions to better understanding and to easing some of the tensions which beset us. But, Mr. President, should we as a nation come to believe that all is well in Soviet-American relations because we have great successes in cultural exchanges, we shall surely be sadly disillusioned. The Bolshoi Ballet may inspire the American people to new heights of esthetic appreciation of Moscow's artistry, and Van Cliburn may do likewise among the Russians, and in so doing may help correct the distorted Soviet image of America; but these cultural demonstrations can never change vital political differences that lie at the center of Soviet-American relations. They can never change the present power relationship in Europe. They cannot solve the Berlin crisis. They cannot free the captive peoples of Eastern Europe.

I make these remarks in submitting for the RECORD a copy of a letter addressed to President Eisenhower, which I received from the Assembly of Captive European Nations. I hope that my comments, as well as the thoughts set forth in the letter, will be sobering to those who may be inclined to expect too much from cultural relations in foreign affairs. I repeat that I support good cultural relations, and I believe in the good they can bring to international understanding. My point is that cultural re-

lations or exchanges do not solve the problems.

The Assembly of Captive European Nations reminds us that a key point in the many outstanding differences between the U.S.S.R. and the United States is the refusal of the U.S. Government to recognize the status quo in Eastern Europe, in spite of the persistent demands of Moscow that we acquiesce in their conquest. The Assembly also calls attention to the fact that this basic policy of the United States was not given public expression at the Geneva Conference of foreign ministers.

In my own reading of developments in the recent Geneva negotiations, the question of Eastern Europe did not arise directly; but certainly the broad underlying assumption of the United States expressed in position papers was our refusal to recognize the status quo in Eastern Europe. We effectively countered repeated efforts of the Soviet negotiators to compel recognition of the status quo in Germany and in the entire Soviet bloc. The main response of the West, as set forth in the Herter plan, was insistence upon the reunification of Germany in freedom, and the establishment of European security on a fair and reasonable basis. The central problem at Geneva is, was, and continues to be the German crisis.

So the principle of self-determination was applied only to Germany. This does not seem to me to be an abdication by the United States of the same principle of genuine self-determination for the captive peoples of Eastern Europe—a principle, I may add, that frequently has been voiced by the U.S. Government.

On this question of Eastern Europe, I should like to make my own position clear by quoting from an address I delivered before the Society of the Little Flower, in Chicago, the past January:

We are bound in spiritual ties with those unfortunate people who remain behind the Iron Curtain. * * * The American people will never forsake them. The American people honor the peoples of Poland, Czechoslovakia, Hungary, the Baltic States, the Balkan States, and East Germany for their devotion to the cause of freedom.

We must believe in their eventual emancipation and work toward this great goal with zeal chastened only by prudence.

At a meeting in May of the Polish National Alliance, in Chicago, I said:

It is unthinkable that we in the West should abandon these great peoples behind the Iron Curtain. * * *

We must never let the captive peoples nor their Soviet masters forget that we do not accept as right or final the imposition of Russian Communist rule in eastern and central Europe. * * * We must not permit ourselves to bargain with the freedoms of other peoples in order to maintain a conqueror's peace.

For the information of the Senate and the American people, I ask unanimous consent to have printed in the RECORD at this point the letter, dated June 26, 1959, sent by the Assembly of Captive European Nations, to the President of the United States. The letter was signed by the chairman of the Assembly, Stefan Korbonski.

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: See page 7.

HOUSE

1. MUTUAL SECURITY. Received the conference report on H. R. 7500, the mutual security authorization bill for 1959 (H. Rept. 695). pp. 12660-70, ~~12713~~

As reported by the conferees, the bill authorizes \$3,556,200,000 for the fiscal year 1960 as well as \$1,100,000,000 for advances to the Development Loan Fund during the fiscal year 1961. It earmarks \$175 million of 1960 mutual security funds to finance U. S. surplus agricultural commodities and authorizes their grant as well as sale. The Humphrey amendment regarding availability of commodities for domestic relief if available for foreign aid, was adopted in a modified form that (according to the House conferees) "allows sufficient flexibility in the administration of the program and at the same time indicates the

intent of Congress that our own people should not be at any disadvantage in sharing surplus food commodities." The bill amends Public Law 480 by inserting "research" in Sec. 104 (k) regarding use of foreign currencies.

Rep. Meader and others discussed the activities of a subcommittee of the Government Operations Committee in investigating the administration and use of foreign aid funds, and Rep. Meader stated that the Investigation conducted by this subcommittee "furnishes an excellent example of the manner in which a well-run Congressional investigating committee can make its contribution to the improvement of legislation or ... of its administration." pp. 12705-12

2. MILK. The Agriculture Committee reported with amendment S. 1289, to increase and extend the special milk program (H. Rept. 680). p. 12713
3. WHEAT; FOREIGN AFFAIRS. Received from this Department a proposed bill, "To amend the International Wheat Agreement Act of 1949, as amended, to extend the authority contained in that Act until July 31, 1962"; to the Banking and Currency Committee. p. 12713
4. DISASTER RELIEF. The Agriculture Committee reported with amendment H. R. 6861, to require contributions by State governments to the cost of feed or seed furnished to farmers, ranchers, or stockmen in disaster areas (H. Rept. 692). p. 12713
5. ATOMIC ENERGY COMMISSION APPROPRIATION BILL FOR 1960. Passed as reported this bill, H. R. 8283 (pp. 12672-83). Rep. Jensen expressed the hope that the Atomic Energy Commission will "come up with the answer as to how we can extract alcohol from this great quantity of surplus grains which we have in storage" (p. 12674).
6. PEANUTS. The Agriculture Committee reported with amendment H. R. 4938, to continue the exemption of green peanuts from acreage allotments and marketing quotas (H. Rept. 691). p. 12713
7. CREDIT UNION. The Banking and Currency Committee reported without amendment H. R. 8305, to amend the Federal Credit Union Act (H. Rept. 696). p. 12713
8. RECLAMATION. Received from Interior/^{Department} a letter relative to an application for a loan for the Weber-Box Elder Conservation District at Ogden, Utah, pursuant to the Small Reclamation Projects Act of 1956, as amended. p. 12713
9. FOREIGN TRADE. Received the annual report of the Tariff Commission on the operation of the Trade Agreements Program. p. 12713
10. SURPLUS PROPERTY. Received from GSA a proposed bill "to amend the Federal Property Administrative Services Act of 1949, to promote the utilization of excess property, and to simplify the reimbursement procedure for transfer of such property"; to Government Operations Committee. p. 12713
11. ADMINISTRATIVE AUTHORITY. Received from the Florida Legislature a memorial relative to the authority delegated to administrative officers of all Federal agencies and its application to effectuate the provisions of Federal statutes. p. 12714
12. PERSONNEL; TRAVEL. As reported H. R. 5196, to increase the maximum rates of per diem travel allowance for Federal employees, provides as follows: Increases the maximum per diem allowance for subsistence and travel expenses for regular Government employees from the present \$12 per day to \$15 per day.

MUTUAL SECURITY ACT OF 1959

JULY 21, 1959.—Ordered to be printed

Mr. MORGAN, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 7500]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Mutual Security Act of 1959"*.

STATEMENT OF POLICY

SEC. 2. Section 2 of the Mutual Security Act of 1954, as amended, which is a statement of policy, is amended to read as follows:

"SEC. 2. STATEMENT OF POLICY.—(a) It is the sense of the Congress that peace in the world increasingly depends on wider recognition, both in principle and practice, of the dignity and interdependence of men; and that the survival of free institutions in the United States can best be assured in a world wide atmosphere of expanded freedom.

"(b) Through programs of assistance authorized by this Act and its predecessors, the United States has helped thwart Communist intimidation in many countries of the world, has helped Europe recover from the wounds of World War II, has supported defensive military preparations of nations alerted by Communist aggression, and has soundly begun to help peoples of economically underdeveloped areas to develop their resources and improve their living standards.

"(c) Programs authorized by this Act continue to serve the following principal purposes:

"(1) The Congress recognizes the basic identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, and to produce more goods and services, and to improve ways of living by methods which reflect the popular will, and to realize aspirations for justice, for education, and for dignity and respect as individual human beings, and to establish responsible governments which will cooperate with other like-minded governments. The Congress declares it to be a primary objective and need of the United States, and one consistent with its tradition and ideals, to share these strivings by providing assistance, with due regard for our other obligations, to peoples willing to work energetically toward these ends.

"(2) The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the nations it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination. The Congress declares it to be the policy of the United States to continue so long as such danger to the peace of the world and to the security of the United States persists, to make available to other free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

"(d) It is the sense of the Congress that inasmuch as—

"(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe; and

"(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

"(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world;

those nations which have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

"(e) It is the sense of the Congress that assistance provided under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence. To this end, assistance shall be rendered where appropriate and feasible in such a way as to promote the emergence of political units which are economically viable, either alone or in cooperation with neighboring units."

CHAPTER I—MILITARY ASSISTANCE

MILITARY ASSISTANCE

SEC. 101. Chapter I of the Mutual Security Act of 1954, as amended, which relates to military assistance, is amended as follows:

(a) Amend section 103(a), which relates to authorization, to read as follows:

“(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1960 to carry out the purposes of this chapter not to exceed \$1,400,000,000, which shall remain available until expended. Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense. There is hereby authorized to be appropriated to the President for the fiscal years 1961 and 1962 such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended.”

(b) Amend section 105(b), which relates to conditions applicable to military assistance, as follows:

(1) Amend paragraph (4) to read as follows:

“(4) Military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs to American Republics. The aggregate amount of funds which may be obligated or reserved during the fiscal year 1960 for furnishing military assistance to American Republics shall not exceed the aggregate amount of funds obligated or reserved for such purpose during the fiscal year 1959.”

(2) Add the following new paragraph:

“(5) To the extent feasible and consistent with the other purposes of this chapter, administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development.”

CHAPTER II—ECONOMIC ASSISTANCE

DEFENSE SUPPORT

SEC. 201. Section 131(b) of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out “1959” and “\$810,000,000” and substituting “1960” and “\$751,000,000”, respectively.

UTILIZATION OF COUNTERPART FUNDS

SEC. 202. Clause (iii) of section 142(b) of the Mutual Security Act of 1954, as amended, which relates to utilization of funds in Special Accounts, is amended by inserting immediately before the period at the end thereof the following: “: Provided further, That whenever funds from

such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States".

DEVELOPMENT LOAN FUND

SEC. 203. Title II of chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 202(b), which relates to general authority, as follows:

(1) Insert the following sentence immediately after the second sentence: "The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people; demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives."

(2) In the next to last sentence, immediately before the period at the end thereof, insert the following: "nor shall the fractional reserve maintained by the Development Loan Fund for any guaranty made pursuant to this section be less in any case than 50 per centum of the contractual liability of the Development Loan Fund under such guaranty, and the total contractual liability of the Development Loan Fund under all of such guaranties shall not, at any one time, exceed \$100,000,000".

(b) Amend section 203, which relates to capitalization, to read as follows:

"SEC. 203. CAPITALIZATION.—There is hereby authorized to be appropriated to the President at any time after enactment of the Mutual Security Act of 1959 without fiscal year limitation for advances to the Fund after June 30, 1959, not to exceed \$1,800,000,000 of which not to exceed \$700,000,000 may be advanced prior to July 1, 1960, and not to exceed an additional \$1,100,000,000 may be advanced prior to July 1, 1961."

(c) In section 204(b), which relates to fiscal provisions, strike out "(a)" in the second sentence.

(d) Amend section 205, which relates to management, powers, and authorities, as follows:

(1) In subsection (b), strike out "three" in the second sentence and substitute "four".

(2) In subsection (c), strike out the last sentence.

TECHNICAL COOPERATION

SEC. 204. Title III of chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "\$150,000,000" and "1959" and substitute "\$179,500,000" and "1960", respectively.

(b) Amend section 306, which relates to multilateral technical cooperation and related programs, as follows:

(1) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance and related fund,

strike out "\$20,000,000" and "1959" and substitute "\$30,000,000" and "1960", respectively, and immediately after "for such purpose" the last time it appears insert "(including assessed and audited local costs)".

(2) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1959" and substitute "1960".

(c) In section 308, which relates to the International Development Advisory Board, insert "or officers" after "officer" in the first sentence and strike out "to administer this title" in that sentence.

SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 205. Title IV of chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is amended as follows:

(a) Amend section 400, which relates to special assistance, as follows:

(1) In subsection (a), which relates to authorization, strike out "1959" and "\$202,500,000" and substitute "1960" and "\$247,500,000", respectively.

(2) In subsection (c), which relates to assistance to American-sponsored schools and libraries abroad, strike out "\$10,000,000" and substitute "\$20,000,000", and in the last sentence of such subsection strike out "for the purposes of this subsection" and insert in lieu thereof the following: "and notwithstanding the provisions of Public Law 213, Eighty-second Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act, for the purposes of this subsection and for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States".

(b) Insert after section 400 the following new section:

"SEC. 401. UNITED NATIONS EMERGENCY FORCE.—The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1960 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force."

(c) In section 402, which relates to earmarking of funds, strike out "1959" in the first sentence and substitute "1960"; in the same sentence, after the words "foreign currencies" insert the words "or the grant", and at the end of the section, add the following new sentences: "Surplus food commodities or products thereof made available for transfer under this Act (or any other Act) as a grant or as a sale for foreign currencies may also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c). Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended by inserting 'whether in private stocks or' after 'commodities' the first time that word appears."

(d) In section 403, which relates to responsibilities in Germany, strike out "1959" and "\$8,200,000" in the first sentence and substitute "1960" and "\$7,500,000", respectively.

(e) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (c), strike out "1959" and "\$1,200,000" and substitute "1960" and "\$1,100,000", respectively.

(2) In subsection (d), strike out "1959" and "\$8,600,000" and substitute "1960" and "\$5,200,000", respectively.

(f) In section 406, which relates to children's welfare, strike out "\$11,000,000" and "1959" and substitute "\$12,000,000" and "1960", respectively.

(g) In section 407, which relates to Palestine refugees in the Near East, strike out "1959" in the first sentence and substitute "1960", and in the proviso in the first sentence, strike out "15 per centum" and substitute "10 per centum".

(h) In section 408(c), which relates to the North Atlantic Treaty Organization, strike out "four" and substitute "five".

(i) In section 409(c), which relates to ocean freight charges, strike out "1959" and "\$2,100,000" and substitute "1960" and "\$2,300,000", respectively.

(j) Section 410, which relates to Control Act expenses, is repealed.

(k) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out "1959" and "\$33,000,000" and substitute "1960" and "\$39,500,000", respectively.

(2) In subsection (c), strike out "not to exceed \$7,000,000 in any fiscal year,"; and insert before the period "and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): Provided, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct".

(l) After section 411, insert a new section as follows:

"SEC. 412. PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUND.—Of the funds appropriated pursuant to this Act for use beginning in each of the fiscal years 1960 through 1964, \$10,000,000 for each such year shall be available only as follows:

"(a) \$5,000,000 shall be available until expended only for financing studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands. Such financing may include payment for transportation, tuition, maintenance and other expenses incident to scholastic activities. The President may employ such funds to augment programs of this character authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended, and by the United States Information and Educational Exchange Act of 1948, as amended, and he may consolidate such portions of such \$5,000,000 as he may deem appropriate with appropriations made to carry out these two Acts.

"(b) \$5,000,000 shall be available until expended only for the training of people of underdeveloped countries in skills which will contribute to economic development. Such training shall be carried out in accordance with the policies set forth in title III of chapter II, relating to technical cooperation, and such \$5,000,000 may be consolidated with appropriations made for carrying out title III of chapter II."

(m) Amend section 413, which relates to encouragement of free enterprise and private participation, as follows:

(1) In subparagraph (b)(4)(A), strike out "any of the purposes of this Act" and substitute "the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act".

(2) In subparagraph (b)(4)(F), strike out "\$500,000,000" and substitute "\$1,000,000,000".

(3) In subparagraph (b)(4)(G), strike out "achieving any of the purposes of this Act" and substitute "furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act".

(4) In subsection (c), delete the words "a study" following the words "shall conduct" and insert in lieu thereof "annual studies to keep the data up to date"; insert immediately before the period at the end of the first sentence the following: ", and to the net position of the United States in its balance of trade with the rest of the world"; and in the final sentence delete the word "study" following "such" and insert in lieu thereof "studies".

(5) Add the following new subsection:

"(d) Under the direction of the President, the Department of State and such other agencies of the Government as the President shall deem appropriate shall conduct a study of methods by which the United States and other nations including those which are parties to regional agreements for economic cooperation to which the United States is a party, or any of them, might best together formulate and effectuate programs of assistance to strengthen the economies of free nations so as to advance the principal purposes of this Act, as stated in section 2 thereof."

(n) In section 419(a), which relates to atoms for peace, strike out "1959" and "\$5,500,000" in the second sentence and substitute "1960" and "\$6,500,000", respectively.

CHAPTER III—CONTINGENCY FUND

SEC. 301. Section 451(b) of the Mutual Security Act of 1954, as amended, which relates to the President's special authority and contingency fund, is amended by striking out "1959" in the first sentence and substituting "1960".

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 401. Chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is amended as follows:

(a) In section 503, which relates to termination of assistance, insert "(a)" immediately after "TERMINATION OF ASSISTANCE.—", and add at the end thereof the following:

"(b) In any case in which the President determines that a nation has hereafter nationalized or expropriated the property of any person as defined in section 413(b) and has failed within six months of such nationalization or expropriation to take steps determined by the President to be

appropriate to discharge its obligations under international law toward such person, the President shall, unless he determines it to be inconsistent with the national interest, suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken.

"(c) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance whereby, wherever practicable, such grant assistance shall be progressively reduced and terminated."

(b) In section 504, which relates to small businesses, add the following new subsection:

"(d) Of the funds appropriated pursuant to section 451(b) of this Act, the President is authorized to utilize not to exceed \$2,500,000 for the fiscal year 1960 to make available to foreign small business concerns in underdeveloped countries, or to foreign government organizations established for the purpose of helping such concerns in underdeveloped countries, on such terms and conditions as he may determine, machine tools, industrial equipment and other equipment owned by agencies of the United States Government."

(c) In section 505(b), which relates to loan assistance and sales, strike out the third sentence and substitute the following: "United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited in miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan which are in excess of the requirements as determined from time to time by the Secretary of State for purposes authorized in section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 App. U.S.C. 1641(b)), may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to and be available for the authorized purposes of the Development Loan Fund in such amounts as may be specified from time to time in appropriation Acts."

(d) In section 510, which relates to purchase of commodities, delete the comma following the words "industrial mobilization base" in the third sentence and insert the following: "or to the net position of the United States in its balance of trade with the rest of the world,".

(e) In section 517, which relates to completion of plans and cost estimates, delete the words "title I or" in the first sentence, and insert "title I, II, or", and add at the end of such section the following: "To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to this section, except any agreement for assistance authorized under title II of chapter II, shall be made on a competitive basis."

(f) Amend section 523, which relates to coordination with foreign policy, as follows:

(1) In subsection (b), add the following new sentence: "The chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires."

(2) Amend subsection (c) to read as follows:

"(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby."

(g) In section 527(b), which relates to employment of personnel, strike out "sixty" and "thirty-five" in the first sentence and substitute "seventy" and "forty-five", respectively, and add the following new sentence at the end of such section: "One of the offices established by section 1(d) of Reorganization Plan Numbered 7 of 1953 may notwithstanding the provisions of any other law be compensated at a rate not in excess of \$20,000 per annum."

(h) Insert immediately after section 533 the following new section:

"SEC. 533A. INSPECTOR GENERAL AND COMPTROLLER.—(a) There is hereby established in the Department of State an office to be known as the "Office of the Inspector General and Comptroller", which shall be headed by an officer designated as the "Inspector General and Comptroller", whose salary shall be fixed at the annual rate of \$19,000, and who shall be appointed by the Secretary of State and be responsible to an Under Secretary of State designated for such purpose by the Secretary of State. In addition, there shall be a Deputy Inspector General and Comptroller, whose salary shall not exceed the maximum rate provided under the General Schedule of the Classification Act of 1949, as amended, and such other personnel as may be required to carry out the functions vested in the Inspector General and Comptroller by or pursuant to this section.

"(b) There are hereby transferred to the Inspector General and Comptroller all functions, powers, and duties of the Office of Evaluation of the International Cooperation Administration, and so much of the functions, powers, and duties of the Office of Personnel Security and Integrity as relate to investigations of improper activities in connection with programs under the International Cooperation Administration.

"(c) The Inspector General and Comptroller shall have the following duties, in addition to those duties transferred to him under subsection (b) of this section:

"(1) Establishing or reviewing and approving a system of financial controls over programs of assistance authorized by this Act to insure compliance with applicable laws and regulations;

"(2) Advising and consulting with the Secretary of Defense or his delegate with respect to the controls, standards, and procedures established or approved under this section insofar as such controls, standards, and procedures relate to assistance furnished under chapter I of this Act;

"(3) Establishing or reviewing and approving policies and standards providing for extensive internal audits of programs of assistance authorized by this Act;

"(4) Reviewing and approving internal audit programs under this section, and coordinating such programs with the appropriate officials of other Government departments in order to insure maximum audit coverage and to avoid duplication of effort;

"(5) Reviewing audit findings and recommendations of operating agencies and the action taken thereon, and making recommendations with respect thereto to the Under Secretary of State and other appropriate officials;

"(6) Conducting or requiring the conduct of such special audits as in his judgment may be required in individual cases, and of inspections with respect to end-item use in foreign countries;

"(7) Establishing or reviewing and approving a system of financial and statistical reporting with respect to all programs of assistance authorized by this Act;

"(8) Advising the Under Secretary of State and other appropriate officials on fiscal and budgetary aspects of proposed programs of assistance authorized by this Act;

"(9) Designing the form and prescribing the financial and statistical content of the annual program presentation to the Congress;

"(10) Coordinating and cooperating with the General Accounting Office in carrying out his duties, to the extent that such duties are within areas of responsibility of the General Accounting Office; and

"(11) Carrying out such other duties as may be vested in him by the Under Secretary of State.

"(d) Expenses of the Office of the Inspector General and Comptroller with respect to programs under this Act shall be charged to the appropriations made to carry out such programs: Provided, That all documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the Office of Inspector General and Comptroller shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Office, upon request of the General Accounting Office or such committee or subcommittee as the case may be."

(i) Amend section 534, which relates to reports to the Congress, by inserting "(a)" immediately after "REPORTS.—" and by adding at the end thereof the following:

"(b) All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration, upon request of the General Accounting Office or such committee or subcommittee as the case may be."

(j) Amend section 537, which relates to provisions on uses of funds, as follows:

(1) In paragraph (5) of subsection (a), strike out "\$3,300" and substitute "\$3,500".

(2) In subsection (c), strike out "\$26,000,000" and substitute "\$27,750,000".

(3) Amend subsection (f) to read as follows:

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The

report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered, and the methods used, in determining the level of aid for such country; the reason for including each such factor and an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the determination of the particular level of forces to be supported by the proposed request for authorization and appropriation for military assistance, the factors considered and methods used in arriving at each country determination, and where the level of forces supported by military assistance differs from the total level of forces maintained in any such country, an explanation, in detail, of the reason for the difference in such level of forces."

(k) In section 543(d), which relates to saving provisions, strike out the words between "repealed" and "shall" in the first sentence and substitute "subsequent to the time such funds are appropriated"; insert "or subsequent Acts" after "1957" both times it appears in the second sentence; and strike out the last sentence.

(l) Section 549, which relates to special provisions on availability of funds, is repealed.

(m) After section 549 add the following new sections:

"SEC. 550. INFORMATION POLICY.—The President shall, in the reports required by section 534, or in response to requests from Members of the Congress or inquiries from the public, make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States.

"SEC. 551. LIMITATION ON THE USE OF THE PRESIDENT'S SPECIAL AUTHORITY.—The authority contained in sections 403, 451, and 501 of this Act shall not be used to augment appropriations made pursuant to sections 103(b), 408, 411(b), and 411(c) or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses."

CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

INTERNATIONAL COOPERATION IN HEALTH

SEC. 501. (a) The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

(b) In order to carry out the purposes of subsection (a) of this section and in order to plan logically for an orderly expansion of United States support to international health activities, the President is authorized to undertake, in cooperation directly with other governments, or indirectly through utilizing the resources and services of the United Nations and the Organization of American States or any of their specialized agencies, programs and projects of research, studies, field surveys, trials, and demonstrations to determine the feasibility of future intensive programs for reduction, control, or eradication of disease problems of international importance. Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of \$2,000,000 shall be available to carry out the purposes of this section.

COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

SEC. 502. To enable the United States to maintain membership in the Colombo Plan Council for Technical Cooperation, there is hereby authorized to be appropriated from time to time to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation.

CHAPTER VI—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

STATEMENT OF PURPOSE

SEC. 601. The purpose of this chapter is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as "the East") through cooperative study and research, by establishing in Hawaii a Center for Cultural and Technical Interchange Between East and West, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the East and the Western World may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the Mutual Security Act of 1954 and other Acts promoting the international educational, cultural, and related activities of the United States.

ESTABLISHMENT OF CENTER

SEC. 602. In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as Secretary), after consultation with appropriate public and private authorities, shall on or before January 3, 1960, prepare and submit to the Congress a plan and program for—

(1) the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West through arrangements to be made with public, educational, or other nonprofit institutions;

(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and Western World as may be necessary to attract such scholars and authorities to the Center;

(3) grants, scholarships, and other payments to qualified candidates from the nations of the East and West as may be necessary to enable such students to engage in study at the Center; and

(4) making the facilities of the Center available for study to other qualified persons on a reasonable basis.

AUTHORIZATION OF APPROPRIATIONS

SEC. 603. There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this chapter.

CHAPTER VII—AMENDMENTS TO OTHER LAWS AND MISCELLANEOUS PROVISIONS

AMENDMENTS TO OTHER LAWS

SEC. 701. (a) The Defense Base Act, as amended (42 U.S.C. 1651), is further amended by inserting in subsection (e) of the first section, between "the approval of this Act," and "and contracting officers" in the first sentence, the following: "and the liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in performance of contracts, subcontracts, or subordinate contracts specified in subparagraph (5), subdivision (a) of this section, and the conditions set forth therein, shall hereafter be applicable to the remaining terms of such contracts, subcontracts, and subordinate contracts entered into prior to June 30, 1958, but not completed on the date of the enactment of the Mutual Security Act of 1959,".

(b) Section 522 of the Foreign Service Act of 1946, as amended (60 Stat. 1009, 22 U.S.C. 922), is amended by striking out the word "and" at the end of subparagraph (1), by striking out the period at the end of subparagraph (2) and substituting a semicolon and the word "and", and by adding at the end thereof a new subparagraph (3) which shall read as follows:

"(3) extend the appointment or assignment of any Reserve officer, or continue the services of any such Reserve officer by reappointment without regard to the provisions of section 527 of this Act, for not more than five additional years if the Secretary deems it to be in the public interest to continue such officer in the Service, except that the assignment of any Reserve officer under paragraph (2) above may not be extended under the provisions of this paragraph without the consent of the head of the agency concerned."

(c) Section 1011(a) of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442), is amended by inserting before the period at the end thereof a colon and the following: "Provided, That the purpose of making informational media guaranties shall be the achievement of the foreign policy objectives of the United States, including the objective mentioned in sections 413(b)(4)(A) and 413(b)(4)(G) of the Mutual Security Act of 1954, as amended".

(d) Section 104(k) of Public Law 480, Eighty-third Congress (68 Stat. 454), as amended, is further amended by inserting "research" immediately after "conduct", and by substituting for the phrase "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific

appropriations be made therefor;" the following: "Provided, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts;"

EXPENSES OF ANNUAL MEETING OF NORTH ATLANTIC TREATY
PARLIAMENTARY CONFERENCE

SEC. 702. There is authorized to be appropriated the sum of \$100,000 for the purpose of defraying the expenses incident to the annual meeting of the North Atlantic Treaty Parliamentary Conference for the year 1959, to be held in Washington, District of Columbia. Funds appropriated pursuant to this authorization shall be disbursed on vouchers jointly approved by the chairmen of the Senate and House delegations to the Conference, and such approval shall be final and conclusive upon the accounting officers in the auditing of accounts incident to the annual meeting.

UNITED STATES PARTICIPATION IN WORLD REFUGEE YEAR

SEC. 703. Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of \$10,000,000 shall be available for United States participation in World Refugee Year. Such sum shall be available for allocation by the President for assistance, either directly or through intergovernmental organizations or agencies, to the various refugee groups, and shall be used primarily in furtherance of permanent solutions of the problems of such groups and in alleviating their urgent emergency needs.

And the Senate agree to the same.

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
ROBERT B. CHIPERFIELD,
WALTER H. JUDD,

Managers on the Part of the House.

J. W. FULBRIGHT,
THEODORE FRANCIS GREEN,
JOHN SPARKMAN,
HUBERT H. HUMPHREY,
MIKE MANSFIELD,
ALEXANDER WILEY,
BOURKE B. HICKENLOOPER,
GEORGE D. AIKEN,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

[INTRODUCTION

The House bill authorized \$3,542,600,000 for fiscal year 1960. The Senate amendment authorized \$3,543,320,000, together with a continuing authorization for military assistance beginning in fiscal year 1961 as well as authorizing an appropriation of \$1,250,000,000 to be advanced to the Development Loan Fund during fiscal 1961. The committee of conference adjusted the individual program amounts and agreed on a total authorization of \$3,556,200,000 for fiscal 1960 as well as authorizing the appropriation of such funds as may be necessary for military assistance in fiscal years 1961 and 1962, together with an authorization of the appropriation of \$1,100,000,000 for advances to the Development Loan Fund during fiscal 1961.

Mutual security funds, fiscal year 1960

Program	House bill (1)	Senate amend- ment (2)	Conference sub- stitute (3)	Adjustment against House bill (4)	Adjustment against Senate amendment to House bill (5)
<i>Chapter</i>					
I. Military assistance: Sec. 103(a): General authorization.....	\$1,440,000,000	\$1,300,000,000	1 \$1,400,000,000	-\$40,000,000	+\$100,000,000
II. Economic assistance:					
Title I—Defense support: Sec. 131(b).....	750,000,000	751,500,000	751,000,000	+1,000,000	-500,000
Title II—Development Loan Fund: Sec. 203: Capitalization.....	700,000,000	2 750,000,000	3 700,000,000	-----	-----
Title III—Technical cooperation:					
Sec. 304: General authorization.....	179,500,000	179,500,000	179,500,000	-----	-----
Sec. 306: Multilateral technical cooperation and related programs:					
(a) United Nations Technical Assistance.....	30,000,000	30,000,000	30,000,000	-----	-----
(b) Organization of American States.....	1,500,000	1,500,000	1,500,000	-----	-----
Total, title III.....	211,000,000	211,000,000	211,000,000	-----	-----
Title IV—Special assistance and other programs:					
Sec. 400(a): Special assistance.....	250,000,000	244,620,000	247,500,000	-2,500,000	+2,880,000
Sec. 405: Migrants, refugees, and escapees:					
(a) Intergovernmental Committee for European Migration.....	(4)	(4)	-----	-----	-----
(c) United Nations High Commissioner for Refugees.....	1,100,000	1,100,000	1,100,000	-----	-----
(d) Escapee program.....	5,200,000	5,200,000	5,200,000	-----	-----
Sec. 406: Children's welfare.....	12,000,000	12,000,000	12,000,000	-----	-----
Sec. 407: Palestine refugees.....	25,000,000	25,000,000	25,000,000	-----	-----
Sec. 409(c): Ocean freight charges on voluntary relief shipments.....	2,300,000	2,300,000	2,300,000	-----	-----
Sec. 411: Administrative and other expenses:					
(b) Administrative and other expenses (other than ch. 1 and title II of ch. II).....	39,500,000	39,500,000	39,500,000	-----	-----
(c) State Department administrative expenses.....	(4) (4)	(4) (3)	-----	-----	-----
Sec. 419(a): Atoms for peace.....	6,500,000	6,500,000	6,500,000	-----	-----
Total title IV.....	341,600,000	336,220,000	339,100,000	-2,500,000	+2,880,000
Total ch. II.....	2,002,600,000	2,048,720,000	2,001,100,000	-1,500,000	-47,620,000
III. Contingency fund: Sec. 451(b).....	100,000,000	180,000,000	155,000,000	+55,000,000	-25,000,000

IV. Sec. 504: Small business.....	2,500,000			-2,500,000
V. Sec. 501(b) of Mutual Security Act of 1959: International Cooperation in Health.....	2,000,000			-2,000,000
VII. Sec 704 of Mutual Security Act of 1959: NATO parliamentarians.....	100,000	100,000	+100,000	
Sec. 705 of Mutual Security Act of 1959: World Refugee Year.....	10,000,000			-10,000,000
Total all chapters and sections.....	3,542,600,000	3,556,200,000	+13,600,000	+12,880,000

¹ Conferees authorized such funds as may be necessary in fiscal years 1961 and 1962.

² In addition, a sum not to exceed \$1,250,000,000 was authorized to be advanced prior to July 1, 1961.

³ In addition, a sum not to exceed \$1,100,000,000 is authorized to be advanced prior to July 1, 1961.

⁴ Continuing authorization is now contained in the act.

⁵ Control act expenses formerly authorized by sec. 410 are included in sec. 411(c).

STATEMENT OF POLICY (SEC. 2)

Both the House bill and the Senate amendment contained revisions of the statement of policy contained in the Mutual Security Act. Although differing in wording, these revisions were similar in content.

The committee of conference agreed to language which combined into a single statement the major elements of both the House and Senate provisions with the policy statement already in the act.

AUTHORIZATION FOR MILITARY ASSISTANCE (SEC. 101(a))

The House bill amended section 103(a) to authorize \$1.44 billion to be appropriated for military assistance.

The Senate amendment amended section 103(a) to (1) authorize \$1.3 billion to be appropriated for military assistance; (2) earmark \$893,750,000 for assistance to NATO countries or for activities of NATO in such countries; (3) provide that programs of military assistance subsequent to fiscal year 1960 should be budgeted so as to come into direct competition for financial support with other activities and programs of the Department of Defense; and (4) provide a continuing authorization for appropriations for military assistance after fiscal year 1960.

The committee of conference agreed to an authorization of \$1.4 billion, a reduction of \$40 million below the amount authorized by the House and an increase of \$100 million above the amount authorized by the Senate. The Senate receded from its requirement that a specified amount should be earmarked for military assistance to NATO countries.

The managers on the part of the House accepted, with an amendment omitting the word "direct", the Senate provision that subsequent to fiscal year 1960 programs of military assistance should be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense. The House conferees accepted this provision in the belief that military assistance should be subjected to rigid scrutiny by military officers responsible for our own defense. It was the understanding of the managers on the part of the House, however, that acceptance of this provision does not indicate that only military factors should be taken into consideration in budgeting for military assistance or that political factors should be ignored.

The House conferees were unwilling to accept the Senate provision for a continuing authorization for military assistance after fiscal year 1960. They agreed, however, to what is, in effect, a continuing authorization for military assistance for a period of 2 years beyond fiscal 1960 on an experimental basis. In accepting this compromise, the committee of conference emphasized that it was the intention of both the Committee on Foreign Affairs of the House and the Committee on Foreign Relations of the Senate to continue to make a careful review of all aspects of the military assistance program and to report to the House and Senate in the annual mutual security bill recommended legislation on the military assistance program. It was also the intention that each committee should receive each year a detailed report from the Department of Defense on the progress made in carrying out the military assistance program and a full explanation of the program planned for the forthcoming fiscal year,

particularly in connection with the requests of the executive branch for authorization of funds for defense support for the forthcoming fiscal year.

It was the consensus of the managers on the part of the House and the Senate that on the basis of such continuous review the Congress might at any time deem it appropriate to reestablish annual dollar authorizations for military assistance and that the entire matter would in any case be reviewed when it becomes necessary to consider the authorization for military assistance funds after fiscal 1962.

LIMITATIONS ON MILITARY ASSISTANCE (SEC. 101(b)(1))

The House bill added a new section 105(b) to the act which provided that, except where the President determined that the national interest required otherwise, and so reported to the Congress, arms or weapons could be furnished on a grant basis only if three specific criteria were satisfied. The Senate bill contained limitations on the furnishing of military assistance to Latin America. It amended section 105(b)(4) of the act so as to prohibit the furnishing of military equipment and materials to the American Republics except in furtherance of Western Hemisphere defense missions. Training was excepted from this requirement. It also permitted the furnishing of military assistance to an international military force under the control of the Organization of American States. The Senate bill also deleted the word "normally" from the requirement that internal security requirements shall not normally be the basis for military assistance programs to Latin America. It was further provided that military assistance to Latin America for fiscal year 1960 would be limited to \$65 million plus an additional \$31.5 million to be available only for assistance to an international military force under the control of the Organization of American States. Any balance of the \$31.5 million which was not furnished to an OAS military force could be transferred to special assistance to promote economic development in Latin America.

The committee of conference did not accept the House amendment. It agreed to the provision that military assistance other than training should be furnished only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States.

The amendment adopted by the committee of conference provides that internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs to American Republics. It also eliminates the word "normally" from existing law. Finally, the committee of conference adopted an amendment which limits the funds for military assistance to the American Republics for fiscal year 1960 to the current levels, that is, the amounts obligated and reserved for such purposes during fiscal year 1959.

In the opinion of the managers on the part of the House it is impractical to provide funds solely for the purpose of furnishing military assistance to a military police force under the OAS. There has been no indication that the American Republics are willing to form such a force and there are no guidelines as to how such a force would be constituted and operated. Furthermore, if such a provision had been adopted stating that any funds not spent for this purpose could be used for economic assistance, the integrity of the military assistance appropriation would have been imperiled. On the other hand, in view

of the changing relative emphasis between military and economic assistance, and in view of the decreased emphasis on military assistance in Latin America, the committee of conference was agreed that military assistance to Latin America for the coming fiscal year should not exceed last year's levels.

The elimination of the word "normally" from the sentence providing that internal security requirements shall not "normally" be the basis for military assistance programs to Latin America makes it clear that it is the intent of the committee of conference that internal security requirements shall not, in the absence of a Presidential exception, be the basis for furnishing military assistance to Latin America. Rather, it is the intent of the committee of conference that such military assistance as is furnished shall be in accordance with hemisphere defense planning and should be in furtherance of hemispheric missions.

MILITARY ASSISTANCE IN UNDERDEVELOPED COUNTRIES (SEC. 101(b)(2))

The Senate bill added a new paragraph (5) to section 105(b) of the act. The new paragraph provides that to the extent feasible the administrators of the military assistance program should encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development. The House bill contained no similar provision.

The committee of conference accepted the Senate amendment. The purpose of this amendment is to make it clear that it is the intent of the Congress, where possible, that military assistance should perform a dual function, and to the maximum extent possible, training activities of foreign military forces supported by military assistance should also support economic goals, as in the construction of roads and public works and in training. There is a unique opportunity in many of these underdeveloped countries to provide education and technical training to the members of their armed forces. In this way education and technical training can be diffused throughout the population. In many instances it is possible for the armed services to combine military activities with useful public work; for example, where there is to be training in the construction of roads, bridges, etc., it is quite possible that such construction can be utilized for economic improvement as well as in purely training activities. Furthermore, where troops are idle, it might be possible to put them to use in constructive activities. On the other hand, the managers on the part of the House are insistent that such activities not interfere with the primary role of military assistance, which is to provide for the defense of the nation to which the assistance is furnished.

DEFENSE SUPPORT (SEC. 201)

The House authorized \$750 million for defense support (sec. 131(b)) while the Senate authorized \$751,500,000. The committee of conference adopted a figure of \$751 million for defense support.

USE OF COUNTERPART FUNDS FOR EDUCATION

The House bill (sec. 202) amended section 142(b)(iii)(1) of the Mutual Security Act to authorize the use for the advancement of education of local currencies subject to joint control by the United States and countries which have received nonmilitary assistance from the United States. The Senate amendment contained no provision relating to this subject.

The managers on the part of the House receded with respect to this provision with the understanding that adequate authority for the use of counterpart funds authorized by section 142(b)(iii)(1) for diversified educational programs and assistance to schools and colleges is already in existence, and that the objectives of the House provision could be accomplished without the enactment of the provision contained in the House bill.

DEVELOPMENT LOAN FUND

U.S. balance of trade

The House bill contained a provision (sec. 203(a)(1)) that in determining whether a loan should be made, the Board of the Development Loan Fund must take into consideration "the net position of the United States in its balance of trade with the rest of the world." The Senate bill contained no such provision. The committee of conference deleted this provision since the bill now contains an amendment to section 413(c) providing that annual studies will be made of the role of private enterprise in the mutual security program, and of the impact of that program on the U.S. economy. A factor to be considered in these studies is the net position of the United States in its balance of trade with the rest of the world. Also, the House bill contained an amendment to section 510 which was retained by the committee of conference. This amendment requires that in determining whether procurement outside the United States is permissible, the President must take into consideration the net position of the United States in its balance of trade with the rest of the world.

Furthermore, it would be almost impossible to determine the impact of any particular development loan transaction on the entire U.S. balance of trade.

Guarantee authority (sec. 203(a)(2))

The House bill contained a provision (sec. 203(a)(3)) providing that the fractional reserve maintained for guarantees made by the Development Loan Fund pursuant to the authority of section 202(b) of the act should in no case be less than 50 percent of the face amount of the guarantee. The Senate bill contained no such provision. The committee of conference adopted revised language which provides that the fractional reserve maintained for any guarantee shall not be less than 50 percent of the contractual liability of the Development Loan Fund and that the amount of such contractual liabilities shall not at any time exceed \$100 million.

The utilization of fractional reserves for guarantees under the Development Loan Fund will facilitate greater participation by private enterprise in the task of developing the less developed countries. It is reasonable, however, at this time to require that a minimum reserve of at least 50 percent be maintained and that a limitation should be placed on the guarantees outstanding. The revised language adopted by the committee of conference places such a limitation on the outstanding guarantees and also provides that both the fractional reserve and the limitation on the amount of guarantees which may be outstanding should be computed on the basis of the contractual liability of the Development Loan Fund. Utilization of this guarantee technique with its limitation should encourage greater participation by private enterprise and should facilitate the achievement of the goals of the Development Loan Fund.

Capitalization (sec. 203(b))

Section 203 of the House bill authorized an appropriation of \$700 million for the Development Loan Fund without fiscal year limitation. The Senate bill contained an authorization of \$2 billion for the Development Loan Fund without fiscal year limitation. It was provided, however, that only \$750 million of this amount could be advanced prior to July 1, 1960, and the remaining \$1,250 million could be advanced after that date.

The committee of conference agreed to a compromise whereby the form of the language contained in the Senate bill is followed. Under these provisions the advances in fiscal year 1960 are limited to \$700 million and the remaining sum for advances is limited to \$1,100 million.

This means that the total authorization for the Development Loan Fund is \$1,800 million, a reduction of \$200 million from the Senate authorization.

The Development Loan Fund was conceived as a long term lending operation. In order to achieve its goals, and in order to operate at maximum efficiency, the Managers of the Fund should know the resources which will be available to them in the future. The managers on the part of the House are of the opinion that the amounts authorized are necessary for the efficient operation of the Development Loan Fund.

Increase of positions (sec. 203(d)(1))

The Senate bill (sec. 202(b)(1)) contained a provision authorizing an increase from three to four in the number of DLF statutory positions below the Managing Director and his Deputy with compensation not in excess of \$18,000 per year. The House bill contained no such provision. The managers on the part of the House accepted the Senate amendment. The position requested is that of the principal assistant to the Deputy Managing Director for Finance and Development. If the Development Loan Fund is to operate at maximum efficiency it is essential that it have a sufficient number of the higher salaried positions to attract and keep competent personnel. In the opinion of the managers on the part of the House, sufficient evidence was presented to justify their acceptance of the authorization of this additional position.

Administration of loans (sec. 203(d)(2))

The Senate bill (sec. 203(b)(2)) contained a provision striking the final sentence from section 205(c) of the act. That sentence provides that the Export-Import Bank shall administer loans made from the Development Loan Fund as provided in section 505(b) of the act. The House bill contained no such provision. The managers on the part of the House accepted the Senate amendment.

The language which is deleted from the act was inserted so as to provide that the Export-Import Bank should handle the responsibility for the administration of loans made by the Development Loan Fund. Actual practice, however, revealed that the Export-Import Bank was not fully equipped to handle this type of transaction and that it was more desirable to have the International Cooperation Administration perform many of the administrative services in connection with Development Loan Fund loans. Accordingly, this sentence is stricken from the act. Even with the sentence deleted, however, there is still ample authority for the Export-Import Bank to provide services in the administration of these loans.

UNITED NATIONS TECHNICAL ASSISTANCE PROGRAM (SEC. 204(b)(1))

The House bill amended section 306(a) to authorize \$30 million to be appropriated for contributions to the United Nations Technical Assistance (UNTA) Program and the Special Fund at 40 percent of the annual goal of approximately \$100 million. The Senate amendment authorized an identical appropriation but provided that the contributions for calendar year 1960 and thereafter may not exceed 39 percent and permitted the computation of assessed and audited local costs. The committee of conference adopted the House language with an amendment.

The committee agreed to retain the 40 percent limitation and added the language "(including assessed and audited local costs)". Since the recently established Special Fund has not yet developed procedures for assessing local costs, the immediate effect of the amendment will not be an increase in the base for calculating U.S. contributions to it. The amendment does not, however, represent an abandonment of our long-range objective to effect a progressive reduction in our contributions to international organizations. It is understood that assessed and audited local costs refer to local costs assessed upon benefiting countries which are paid to, and audited by, a central account.

INTERNATIONAL DEVELOPMENT ADVISORY BOARD (SEC. 204(c))

The committee of conference accepted the Senate language permitting the continuation of the International Development Advisory Board. The Board was reconstituted and its functions enlarged in accordance with the recommendations of the conference report on the Mutual Security Act of 1958. The Chairman and the 12 members of the Board are widely representative of the major segments of the American economy and society. The Board is now directly responsible to the Under Secretary of State, who acts as coordinator of the mutual security program. It is presently working on several subjects,

including evaluation of technical cooperation and of U.S. activities in the field of international health conducted under the mutual security program and a study of the problems and potentials of foreign currency acquired in carrying out U.S. economic programs abroad.

The committee of conference believes that the high caliber of the Board's membership assures a careful appraisal by competent individuals of those important aspects of the mutual security program. The committee of conference also accepted the Senate amendment to section 308 of the Mutual Security Act to permit officers other than the Director of ICA to be consulted and advised by the Board.

SPECIAL ASSISTANCE AND OTHER PROGRAMS (SEC. 205(a)(1))

The House bill authorized an appropriation of \$250 million.

The Senate amendment authorized an appropriation of \$244,620,000.

The committee of conference agreed upon an authorization of \$247,500,000.

ASSISTANCE TO AMERICAN-SPONSORED SCHOOLS AND HOSPITALS (SEC. 205(a)(2))

The Senate amendment included an amendment to section 400(c) to increase from \$10 million to \$20 million the cumulative ceiling on the amount of special assistance funds which may be used to assist American-sponsored schools and libraries abroad. The Senate amendment contained no provision relating to American-sponsored hospitals abroad. The House bill, on the other hand, contained no provision concerning American-sponsored schools abroad but did carry an amendment to section 400(c) authorizing the use of special assistance funds for American-sponsored hospitals abroad as well as the use of foreign currencies accruing to the United States under the Mutual Security Act or any other act for the purposes of section 400(c), notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951.

The managers on the part of the House receded on the first provision and accepted the Senate language increasing the cumulative ceiling for assistance to American-sponsored schools and libraries abroad. The Senate receded on the second provision and agreed to new language. The amended language makes clear that the Mutual Defense Assistance Control Act of 1951 may be waived only in the case of assistance to schools, libraries, and hospitals in the form of foreign currencies accruing to the United States. The provisions of the Battle Act are not waived with respect to dollars authorized to be used pursuant to the first sentence of this subsection. The amended language is intended to constitute authorization for an appropriation to carry out the purposes of this subsection.

LAND RESETTLEMENT PROGRAMS IN LATIN AMERICA

The House bill (sec. 205(a)(3)) added a new section 400(d) to authorize the use in amounts specified in appropriation acts of foreign currencies, other than those of the Development Loan Fund, accruing to the United States in Latin America under the Mutual Security Act or any other act for the purpose of making loans for land-resettlement programs in Latin America.

The Senate amendment contained no provision on this subject.

The House receded on this amendment.

The committee of conference recognized the desirability of assisting land resettlement programs in Latin America, not only to relieve population pressures in certain parts of the world but also to advance the economic development of a number of areas in Latin America.

The conferees were informed that the provision in the House bill could be construed to restrict already existing authority to use foreign currencies for purposes of land resettlement under section 402 of the Mutual Security Act and section 104(g) of Public Law 480, 83d Congress. The House conferees, therefore, agreed that the objective to be attained under the authority contained in the House bill could be more effectively achieved if no alteration were made in existing law.

The managers on the part of the House believe that the Executive has not given sufficient consideration in the past to land resettlement programs in Latin America and recommend that greater effort be made in the future.

USE OF SURPLUS FOOD COMMODITIES (SEC. 205(c))

The House bill amended section 402 to earmark \$175 million of fiscal year 1960 mutual security funds to finance the export and sale of U.S. surplus agricultural commodities for foreign currencies.

The Senate amendment amended section 402 to read the same as the House bill, but also amended the first sentence of section 402 to include grants as well as sales and added two new sentences at the end of the section. The first sentence provided that U.S. surplus food commodities or products thereof made available for transfer under the Mutual Security Act or any other act as a grant or as a sale for foreign currencies should also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended, or to needy persons within the United States pursuant to clause (2) of section 32 of the act of August 24, 1935, as amended. The second sentence amended section 416 of the Agricultural Act of 1949, as amended, so as to permit use of commodities in private stocks for domestic and foreign distribution programs.

The House conferees accepted the provisions of the Senate bill with an amendment changing the word "shall" in the first of the new sentences to "may". They were impressed with the argument that it was desirable that surplus food commodities or the products thereof made available either for grant or for sale for foreign currencies abroad under section 402 of the Mutual Security Act or any other act be provided to the maximum extent practicable to eligible domestic recipients under already authorized relief feeding programs in order to eliminate any possibility that needy people in the United States should be at any disadvantage compared to people of foreign nations with respect to the distribution of such commodities. The provision does not authorize any additional funds for domestic relief purposes. It relates only to the designation of commodities which would be available under already existing authority and available funds for such domestic relief programs.

The committee of conference recognized that too rigid a requirement might impede the effective disposal of surplus food commodities abroad as well as unnecessarily interfere with the existing procedures for domestic distribution. The language of the provision as agreed to allows sufficient flexibility in the administration of the program and at the same time indicates the intent of Congress that our own people should not be at any disadvantage in sharing surplus food commodities.

PALESTINE REFUGEES (SEC. 205(g))

The House bill amended section 407 to authorize an appropriation of \$25 million for a contribution to the United Nations Relief and Works Agency (UNRWA) for Palestine refugees and deleted the proviso that requires 15 percent of the appropriations to be available only for resettlement and repatriation as distinct from relief and rehabilitation. The Senate amendment contained an identical authorization but retained the proviso.

The committee of conference retained the proviso but reduced the amount set aside for resettlement and repatriation to 10 percent. In reaching agreement the committee gave consideration to several factors. There is a continuing need for relief and rehabilitation. The number of refugees has actually increased during the past years. Nothing, however, has been accomplished effecting a repatriation or resettlement of the refugees. The whole program comes up for re-study this year by the United Nations General Assembly and will expire unless reauthorized. If the proviso were removed, it might seem to indicate an abandonment by the United States of its sustained interest in effecting a solution and, at the same time, would leave the impression that the United States was satisfied with nothing more than an indefinite relief program.

PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUNDS (SEC. 205(l))

The managers on the part of the House accepted, with an amendment, the Senate language that adds a new section 412. This section, as amended, provides that in each of the fiscal years 1960 through 1964, of the funds made available under this act \$10 million shall be available for educational and training programs for people of underdeveloped countries.

Half of the funds are to be used for financing—

studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands.

This program may be used to supplement activities under both the Fulbright Act and the United States Information and Educational Exchange Act.

The other half of the \$10 million is to be used for training the people of underdeveloped countries in skills which will contribute to economic development.

It is the intention of the committee of conference that the training authorized by this section not be limited to manual or technical skills but that it include the whole range of administrative and other skills necessary to operate a modern government with a developing economy.

INVESTMENT GUARANTEE PROGRAM (SEC. 205(m) (1), (2), AND (3))

Both the House bill and the Senate amendment authorized an increase in the guarantee issuing authority (sec. 413(b)(4)(F)) from \$500 million to \$1 billion. The Senate amendment also included a provision restricting the purpose of the program to the development of the economic resources and productive capacities of economically underdeveloped areas.

The managers on the part of the House receded and accepted the Senate language with an amendment. The committee of conference was agreed that the purpose of the investment guarantee program was to stimulate the movement of American capital and know-how into areas that were economically underdeveloped. The committee recognized, however, that a number of applications had been filed by investors for guarantees of investment in connection with projects in Western European countries. In some instances these applications have reached an advanced stage of preparation and negotiation. To preclude these investors from eligibility for guarantee protection after many of them have spent considerable sums initiating projects would work an undue hardship. To meet this problem the committee set a cut-off date in the case of guarantees for projects in developed countries issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959.

STUDIES OF THE ROLE OF PRIVATE ENTERPRISE (SEC. 205(m)(4))

The House bill amended section 413(c) of the act to require annual studies of the role of private enterprise in carrying out the purposes of the Mutual Security Act and of the impact of the mutual security program on the U.S. economy. The amendment also required special reference to be made in such reports to the net position of the United States in its balance of trade with the rest of the world.

The Senate amendment was substantially the same as the House language, except that it required only such studies as are appropriate to keep existing data up to date rather than annual studies.

Section 413(c) of the Mutual Security Act adopted last year required a study along the above lines. This study has been made. The amendments adopted by both the House and the Senate were intended to insure that these studies would be continued. Under the House version the studies would be annual; under the Senate version such studies would be made as would be necessary to keep the existing reports up to date.

The committee of conference adopted the House version, except that it provides that annual studies will be made to keep the data up to date. Under this provision it will not be necessary to make a completely new study each year but only to bring these studies up to date. When it appears that existing material is outdated, a new study would obviously be made.

STUDY OF MULTILATERAL PROGRAMS OF ASSISTANCE (SEC. 205(m)(5))

The Senate bill added a new section 413(d) to the act which requires the executive branch to conduct a study of methods by which the United States and other nations might best together formulate and

effectuate programs of assistance to strengthen the economies of the free nations. No similar provision was contained in the House bill.

The committee of conference accepted the Senate amendment. The amendment is intended to insure that all of the facilities of the free world are brought to bear on the task of developing the underdeveloped areas and in providing for the security of the free world. The study will be concentrated on what can be done to encourage further economic cooperation among the free nations of the world.

CONTINGENCY FUND (SEC. 301)

The House bill, by amendment to section 451(b), carried an authorization of \$100 million of appropriations to the President's contingency fund. The Senate amendment carried an authorization of \$180 million. The committee of conference agreed to an authorization of \$155 million. This is the amount appropriated for fiscal year 1959.

The adjustment agreed to by the managers on the part of the House was reached after the managers on the part of the Senate receded from separate authorizations for machine tools for small business, international cooperation in health, and the World Refugee Year.

TRANSFERABILITY OF FUNDS

The Senate amendment added a new section 501(b) which authorized the transfer of up to 30 percent of military assistance funds to technical cooperation, special assistance, and nonmilitary programs other than defense support and the Development Loan Fund. The Senate receded from its insistence on its language. The committee of conference, in agreeing to delete the proposed language, recognized that the trade and assistance programs of international communism presented a rapidly increasing danger to the independence of friendly countries. Thus far it has been possible to meet this threat within the general transfer authority contained in existing law. Should world conditions alter in a way to make this authority inadequate to meet the danger, the committee of conference agreed the matter of wider transfer authority should be reexamined.

SUSPENSION OF ASSISTANCE TO CERTAIN COUNTRIES (SEC. 401(a))

The House bill added a new section 503(b) which provided that if a nation expropriates or confiscates property of U.S. citizens and fails within 6 months of such action to take steps determined by the President to be appropriate to discharge its obligations under international law, the President shall withhold assistance from such nation. The Senate amendment contained a new section 552 providing that whenever the President determines that any recipient country is engaged in the taking of property owned by the United States or its nationals he shall suspend assistance until the country is no longer so engaged and adequate compensation has been made.

The committee of conference agreed upon substitute language, added as a new section 503(b). The President is given authority to determine (1) whether nationalization or expropriation of property of U.S. citizens has occurred and (2) the adequacy of steps taken by the offending government to discharge its obligations under international

law. Should the President not be satisfied with measures taken by the offending government to take corrective action, he shall suspend assistance given under any program in the Mutual Security Act unless he determines such suspension of assistance to be inconsistent with our national interest. This section is applicable only to acts of nationalization or expropriation that take place after the enactment of the Mutual Security Act of 1959.

REDUCTION OF DEFENSE SUPPORT AND SPECIAL ASSISTANCE (SEC. 401(a))

The House bill added a new section 503(c) which specifies that the President shall include in his recommendations to the Congress for the fiscal year 1961 mutual security program a detailed plan for each country receiving bilateral grant assistance under defense support and special assistance whereby such assistance shall be progressively reduced. The Senate amendment contained identical language except that it provided not only for the progressive reduction but for the elimination of such grant assistance.

The Senate receded and accepted the House language with two amendments. The word "terminated" was substituted for "eliminated". The words "wherever practicable" were included. The latter amendment gives recognition to the fact that reduction of the grant aid will be made consistent with the foreign policy objectives of the United States. It is the expectation of the committee of conference that the President and the administrators of the program will give constant surveillance to the economic development of aid recipients and will report to the Congress those countries that have achieved a degree of economic viability that will permit the termination of further assistance.

As understood by the committee, each country plan should include the basic objectives being sought through the furnishing of economic assistance to that country, the progress to date toward achieving those objectives, and, so far as practicable, plans and forecasts as to future assistance and other measures required in furtherance of these objectives and as to future reduction and eventual termination of economic assistance as those objectives are approached and ultimately achieved.

As indicated above, the controlling consideration in the preparation of these plans is to be the foreign policy and other national aims of the United States. The committee feels that such plans are essential to assure that programs do not simply perpetuate themselves by limited planning from year to year, but that they have definite goals toward which they are directed and toward which progress can be measured.

FURNISHING OF INDUSTRIAL EQUIPMENT (SEC. 401(b))

The Senate amendment added a new section 504(d) to the Mutual Security Act, authorizing an appropriation of not to exceed \$2.5 million to make available to foreign small-business concerns in under-developed countries machine tools and industrial equipment owned by agencies of the U.S. Government.

The House bill contained no provision on this subject.

The managers on the part of the House receded and agreed to a provision that authorizes the President to use an identical sum from the funds appropriated pursuant to section 451(b). This authorization is not intended to limit or alter existing authority to use excess property of government agencies under the Mutual Security Act.

DISPOSAL OF LOAN REPAYMENTS (SEC. 401(c))

The House bill amended section 505(b) to provide for the disposition of loan repayments under the Mutual Security Act in three ways. First, dollar repayments should be deposited into the Treasury. Second, foreign currency repayments would be sold to U.S. Government agencies for payment of their obligations abroad and the dollar reimbursements should be deposited into the Treasury. Third, foreign currency repayments not needed by U.S. Government agencies for payment of their obligations abroad should be credited to and be available for the purposes of the Development Loan Fund in amounts specified in appropriation acts. Foreign currencies made available to the Development Loan Fund under this section were to be in addition to the dollar funds authorized to be appropriated under section 203.

The Senate amendment amended section 505(b) to read the same as the House bill, except that (1) it provided that foreign currency repayments in excess of those necessary for the Fulbright educational exchange program might be sold to U.S. Government agencies for payment of their obligations abroad and (2) it did not require that amounts to be credited to the Development Loan Fund should be in amounts specified in appropriation acts.

The committee of conference arrived at a compromise by which the House accepted the Senate language relating to the availability of foreign currencies for the Fulbright educational exchange program and the Senate accepted the House language requiring that foreign currency repayments be credited to the Development Loan Fund in amounts specified in appropriation acts.

APPLICATION OF SECTION 517 TO DEVELOPMENT LOAN FUND (SEC. 401(e))

The House bill contained a provision extending the coverage of section 517 (Completion of Plans and Cost Estimates) of the act to the Development Loan Fund. The House provision also authorized the President to waive the requirements of section 517 insofar as it might be applicable to any particular transaction under the Development Loan Fund provision. The Senate bill contained no similar provision. The committee of conference accepted the House amendment but deleted the provision authorizing the President to waive the applicability of section 517 to the Development Loan Fund. There is already adequate authority under existing legislation to enable the President to accomplish such a waiver. The requirement that section 517 also be applicable to the Development Loan Fund will help insure that the activities of the Development Loan Fund are conducted on a sound, businesslike basis.

COMPETITIVE BIDDING FOR CONSTRUCTION CONTRACTS (SEC. 401(e))

The House bill contained a provision requiring, with respect to programs covered by section 517, that to the maximum extent feasible all contracts for construction outside the United States should be made through competitive bidding.

The Senate bill did not contain a similar amendment.

The committee of conference adopted the House version with an amendment. Under the amendment it is provided that to the maximum extent practicable all contracts for construction outside the United States should be made on a competitive basis. Contracts financed with loans from the Development Loan Fund are exempted from the requirements of this provision since they will be in most instances handled by firms in foreign countries or agencies of foreign governments.

RESPONSIBILITIES OF CHIEF OF DIPLOMATIC MISSION (SEC. 401(f)(1))

The House bill amended section 523(b) to require the Chief of the Diplomatic Mission in each country to insure that recommendations concerning military assistance are coordinated with political and economic considerations and to accompany such recommendations with his own comments. The Senate amendment included identical language but added the final clause "if he so desires". The managers on the part of the House accepted the Senate language.

SUPERVISION AND DIRECTION OF THE MUTUAL SECURITY PROGRAM (SEC. 401(f)(2))

The Senate bill contained a provision amending section 523(c) so as to make the Secretary of State responsible for the continuous supervision and general direction of the mutual security program. This responsibility is to include the determination of whether there shall be a military assistance program for a country and the value of the program so that the programs are effectively integrated both at home and abroad. The House bill did not contain a similar provision.

The managers on the part of the House accepted the Senate amendment since the provision is intended to clarify the relationships among the various agencies administering the mutual security program.

SUPERGRADE POSITIONS (SEC. 401(g))

The House bill authorized an increase from 20 to 25 in the number of positions that may be compensated at a rate higher than that paid for grade 15. The Senate amendment authorized an increase from 20 to 35. The committee of conference agreed on an increase from 20 to 30—a total of 10. The allocation of these positions will be determined by the Under Secretary of State in his capacity as coordinator of the program. The increased authority to obtain high-level personnel should result in improved coordination, direction, and administration of the program.

APPOINTMENT OF OVERSEAS PERSONNEL

The committee of conference agreed to the deletion of the House language (sec. 401(g)(2)) added to section 527(c) that required, to the maximum feasible, the appointment of ICA overseas personnel in accordance with the civil-service laws. ICA is already making maximum use of civil-service facilities as a source of candidates for overseas posts. In accordance with existing law, ICA uses the provisions of the Foreign Service Act in appointing its overseas personnel. The imposition of civil-service requirements would create a dual personnel system with attendant administrative difficulties. In agreeing to the deletion of the House language the committee of conference is desirous that the Director of ICA continue to work in close cooperation with the Civil Service Commission in order that the facilities of the Commission may be fully utilized in recruiting capable individuals for overseas assignment.

OFFICE OF INSPECTOR GENERAL AND COMPTROLLER (SEC. 401(h))

The House bill added a new section 533A which established within the Department of State an Office of Inspector General and Comptroller reporting directly to an Under Secretary of State. It transferred to the Inspector General and Comptroller certain function now being carried out within the International Cooperation Administration and set forth the duties to be performed.

The Senate amendment contained no provision dealing with this matter.

The committee of conference accepted the House provision with a number of amendments intended primarily to make more specific and clarify the language of the House bill. These include a provision that the Inspector General and Comptroller should be appointed by the Secretary of State rather than the Under Secretary of State, and setting his salary at a specific figure of \$19,000 per annum. In addition, the House provision was modified to specify more precisely the relationship between the Office of Inspector General and Comptroller and the General Accounting Office.

The committee of conference gave particular consideration to the relationship to be established between the Inspector General and Comptroller and the Department of Defense with regard to the military assistance program. Section 524 of the Mutual Security Act specifically assigns a wide range of responsibilities for operating the military assistance program to the Secretary of Defense. In the Department of Defense and in each of the military services there is a well staffed comptroller organization headed by an Assistant Secretary.

Under the circumstances, it is desirable that the Inspector General and Comptroller should not set up an organization to duplicate the work being done within the Military Establishments or intervene in the carrying out by the Secretary of Defense of responsibilities assigned to him by law.

At the same time, impressive evidence has been presented of shortcomings in the administration and control of the military assistance program in a number of countries. These shortcomings have been attributable, at least in part, to the fact that existing Defense Department control procedures are adapted primarily to the requirements of

U.S. military programs rather than to the special situations which exist in carrying out military assistance operations.

The committee of conference is convinced that it is essential that there be an independent review and approval of military assistance administration and control by an official outside the Defense Department hierarchy but at the same time having responsibility to see that the mutual security program works effectively. The language of the House bill was revised to make clear that while the Inspector General and Comptroller would have authority to establish financial controls and auditing procedures as well as to initiate and carry out other operations relating to the mutual security programs for which the Secretary of State is responsible, his authority with respect to military assistance operations for which the Secretary of Defense is responsible will be that of investigating, reviewing, approving, recommending, and consulting.

The Secretary of State under section 523 of the Mutual Security Act is given overall responsibility for seeing that the military assistance program is effectively carried out and integrated with the other programs. Whenever the Inspector General and Comptroller finds evidence that military assistance is not effective in its results or is not properly administered, his ultimate recourse will be to the Secretary of State through the Under Secretary of State to whom he is directly responsible. If a proper cooperative relationship between the Defense Department and the Inspector General and Comptroller is established, based on recognition and respect for their respective authority and responsibilities, it is expected that remedial action will be taken as a result of informal consultation at lower echelons.

The most serious questions in the minds of the Congress and the public today concerning the mutual security program no longer relate to whether or not the program should exist, but to whether it is being or can be effectively administered. The Inspector General and Comptroller can and should do much to provide reassurance on this subject. He can do his job only if he is fully informed of the facts and if the various operating officials do what they can to facilitate his work.

MISSION DIRECTOR CARS (SEC. 401(j)(1))

The House bill contained no provision on this subject. The Senate amendment amended section 537(a)(5) to increase from \$3,300 to \$3,800 the ceiling price applicable to the purchase of official vehicles for use by directors of U.S. operations missions abroad. The committee of conference agreed to \$3,500 as a ceiling price. This increase is not intended to provide cars better than those now provided. It merely reflects the increased price of vehicles over the past several years.

REPORT ON DEFENSE SUPPORT AND SPECIAL ASSISTANCE (SEC. 401(j)(3))

The House bill contained a provision amending section 537(f) of the act to require the submission during the annual presentation to the Congress of a detailed report on defense support and special assistance to be furnished to each country. The provision required that the report contain (1) an explanation of the proposed level of aid for each country including a listing of all significant factors con-

sidered in determining such level, and (2) with respect to defense support, an explanation of the force objectives toward the support of which defense support was proposed to be furnished in each country, including the method by which such force objectives were arrived at.

The Senate bill contained a substantially similar provision except that with respect to defense support countries the report was to contain an explanation of the determination of the particular level of forces to be supported by the proposed request for military assistance in each country, including the factors considered in arriving at each country determination.

The committee of conference accepted the Senate amendment except that amendments were added requiring that the reports should also show the methods used as well as the factors considered in determining the level of aid for each country and in determining the request for authorization and appropriation for military assistance in defense support countries.

The provision adopted by the committee of conference is intended to insure that the appropriate committees of the Congress receive full, detailed, and adequate material in support of the executive branch request for authorization and appropriation. This provision should facilitate the examination of the executive branch request and should insure a broader understanding of the purposes of the mutual security program.

INFORMATION POLICY (SEC. 401(m))

The Senate amendment added a new section 550 which requires the President to make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States. The managers on the part of the House receded and accepted the Senate language. The committee of conference noted that the only specific limitation to disclosure was that which affects security. The committee also acted on the understanding that this provision was not intended to override or repeal, with respect to the mutual security program, statutes enacted by Congress which expressly prohibit or regulate the disclosure by the executive branch of specific types of information, for example, trade secrets obtained in confidence from business firms.

LIMITATION ON USE OF THE PRESIDENT'S SPECIAL AUTHORITIES (SEC. 401(m))

The Senate amendment added a new section 551 which prohibits the President from using his special authorities under sections 403, 451, and 501 to augment appropriations for administrative expenses made under sections 408, 411(b), and 411(c). The House bill contained no comparable provision. The managers on the part of the House accepted the Senate amendment.

Administrative funds for carrying out the mutual security program are specifically authorized and appropriated after a complete justification. There have been several instances where these funds have been augmented by a transfer of money from program activities. The language adopted by the committee of conference is intended to terminate this practice.

INTERNATIONAL COOPERATION IN HEALTH (SEC. 501)

The House bill contained an affirmation of U.S. policy to accelerate its efforts to encourage and support international programs for the conquest of diseases and other health deficiencies. The Senate amendment affirmed the same policy and, in addition, authorized the use of mutual security funds, other than those for military assistance and the Development Loan Fund, to undertake projects to determine the feasibility of programs for eradication of diseases of international importance and authorized an appropriation of an additional \$2 million for this purpose.

The committee of conference deleted the language permitting the financing of this program from other mutual security funds and the separate authorization of \$2 million. In lieu thereof the committee adopted language that authorized the use of \$2 million from funds appropriated pursuant to section 451(b). This language is not intended to limit or alter existing authority in the act for assistance in the fields of health.

CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST (SECS. 601-603)

Chapter VI (secs. 601-603) of the Senate bill provided that, in order to promote better understanding between the peoples of the Far East and the United States, the Secretary of State should present a plan to Congress for the establishment in Hawaii of a Center, to be called the West Center for Cultural and Technical Interchange Between East and West where students, scholars, and technicians from the East and West could meet and cooperate. The Senate amendment called for the submission to Congress on or before January 3, 1960, of a plan and program which shall provide for—

1. the establishment and operation in Hawaii of the Center through arrangements to be made with public educational or other nonprofit institutions;

2. grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and West;

3. grants, scholarships, and other payments to qualified candidates for study at the Center from both East and West; and

4. making the facilities of the Center available for study to other qualified persons on a reasonable basis.

Provision is also made for such appropriations as may be necessary to carry out the provisions of the chapter.

The managers on the part of the House accepted the Senate amendment with the deletion of the words "which shall provide". The language agreed upon is intended to give greater scope to those preparing the plan and program. It is understood that in submitting the plan the Secretary of State may also inform the Congress as to the feasibility and desirability of the entire program envisioned by the Senate amendment.

Hawaii is the crossroads of the East and the West. Here the cultures of Asia and of Europe and of the Americas have met and have learned to live together. Consequently, it is most appropriate that a center such as this should be established in Hawaii where cooperation has been the rule for many years.

Such a center can do much to break down barriers between the East and the West and encourage cooperation. Thereby, international tensions will be reduced, and the chances for world peace will be enhanced. The bringing together of scholars and technicians from the East and West will increase human understanding, will facilitate the development of technical knowledge in the East, and will reduce friction between the areas.

AMENDMENT TO FOREIGN SERVICE ACT (SEC. 701(b))

The managers on the part of the House accepted the language in the Senate amendment. That language amends section 522 of the Foreign Service Act to permit the appointment or assignment of any Foreign Service Reserve officer to be extended for not more than an additional 5 years without regard to the 5-year limitation in section 527. This language will make it possible to keep in service Reserve officers who are occupying essential positions and who, by reason of training and experience, would be difficult to replace in key overseas assignments.

INFORMATIONAL MEDIA GUARANTEES (SEC. 701(c))

The Senate amendment, in section 703, made a technical amendment to the United States Information and Educational Exchange Act of 1948. That act today provides, by cross reference to section 413(b) of the Mutual Security Act of 1954, that informational media guarantees shall be made for the purposes specified in such section 413(b). In view of the amendments made to section 413(b) by the conference, limiting the mutual security investment guarantee program to underdeveloped countries, it is necessary to make corrective changes in the United States Information and Educational Exchange Act of 1948 to permit the informational media guarantee programs under that act to continue under the same authority as they have in the past. The House managers, therefore, accepted the Senate version.

USE OF FOREIGN CURRENCIES FOR SCIENCE AND RESEARCH (SEC. 701(d))

// The House bill (sec. 401(a)(1)) added a new section 502(c) designed to permit the use of foreign currencies available to the United States under the Mutual Security Act or any other act for science and research in amounts specified in appropriation acts. The Senate amendment contained language amending section 104(k) of Public Law 480 to change the technical form of appropriations control over the use of Public Law 480 foreign currencies. The committee of conference accepted the Senate language with an amendment to incorporate one of the purposes of the House language; namely, by including research activities, to broaden the purposes for which foreign currencies under this section may be used. The committee of conference is agreed that foreign currencies available to the United States under any act should be utilized more fully to make available to U.S. scientists and researchers the findings of their foreign counterparts. //

EXPENSES OF ANNUAL MEETING OF NATO PARLIAMENTARY
CONFERENCE (SEC. 702)

The committee of conference agreed to the language in the Senate amendment authorizing an appropriation of \$100,000 to meet the expenses of the United States in connection with the meeting in Washington next November of the NATO Parliamentary Conference.

House Concurrent Resolution 34 of the 86th Congress extended an invitation to the Conference. The amount of \$100,000 will permit the United States, as hosts to the Parliamentarians, to cover the expenses for simultaneous translation, reproduction of documents and working papers, reporting services, office equipment and other necessary facilities to make the meeting a success.

WORLD REFUGEE YEAR (SEC. 703)

The Senate amendment authorized an appropriation of \$10 million for U.S. participation in the World Refugee Year to be used for assistance to refugee groups throughout the world. The House bill contained no provision on this subject. The managers on the part of the House accepted the Senate language with an amendment that deletes the separate authorization of an appropriation. Instead the use of \$10 million from funds appropriated pursuant to section 451(b) is authorized for this purpose.

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
ROBERT B. CHIPERFIELD,
WALTER H. JUDD,
Managers on the Part of the House.

○

House of Representatives

TUESDAY, JULY 21, 1959

The House met at 12 o'clock noon.
The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Isaiah 41: 6: *They helped everyone his neighbor; and everyone said to his brother, Be of good courage.*

Eternal God, our Father, whose divine help we so greatly need, inspire us to be more conscious of Thy all-pervading presence and sustaining power when we face the tensions and pressures of each new day.

May our labors be crowned with success as we endeavor to widen the areas of cooperation and good will among the nations of the earth, with none seeking their own selfish advantage.

Grant us the faith to believe that the kingdom of righteousness and peace is slowly and surely being built, no matter how dark the clouds of national and international welter and woe, at times, may seem to be.

We beseech Thee to accept our praises and answer our petitions through the merits and mediation of our blessed Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

FACILITATING THE ADMISSION OF CERTAIN ALIENS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the resolution (H.J. Res. 323) to facilitate the admission into the United States of certain aliens, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the joint resolution.

The Clerk read the Senate amendments, as follows:

Page 3, strike out lines 13, 14, and 15.
Page 3, line 16, strike out "7" and insert "6".
Page 3, line 24, strike out "8" and insert "7".
Page 4, line 4, strike out "9" and insert "8".
Page 4, line 12, strike out "10" and insert "9".
Page 4, line 20, strike out "11" and insert "10".
Page 5, line 5, strike out "12" and insert "11".
Page 5, line 9, strike out "13" and insert "12".
Page 5, line 13, strike out "14" and insert "13".
Page 5, strike out lines 18 to 22, inclusive.
Page 5, line 23, strike out "16" and insert "14".
Page 6, strike out lines 7, 8, and 9.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

FACILITATING THE ADMISSION OF CERTAIN ALIENS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the resolution (H.J. Res. 353) to facilitate the admission into the United States of certain aliens, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the joint resolution.

The Clerk read the Senate amendments, as follows:

Page 3, strike out lines 4 to 11, inclusive.
Page 3, line 12, strike out "5" and insert "4".
Page 3, line 14, strike out "Michaline," and insert "Michaline and".
Page 3, line 14, strike out ", and Pancrazio".
Page 3, line 18, strike out "6" and insert "5".
Page 3, line 23, strike out "7" and insert "6".
Page 3, lines 24 and 25, strike out "the minor child".
Page 4, line 1, after "the" insert "minor".
Page 4, line 2, after "Palatos" insert ", citizens of the United States".
Page 4, line 6, strike out "8" and insert "7".
Page 4, line 11, strike out "9" and insert "8".
Page 4, line 15, strike out "10" and insert "9".
Page 4, line 23, strike out "11" and insert "10".
Page 5, line 1, strike out "12" and insert "11".
Page 5, after line 3, insert:
"Sec. 12. For the purposes of sections 101(a)(2)(A) and 205 of the Immigration and Nationality Act, Yoko Kawamura shall be held and considered to be the natural-born minor alien child of Mr. and Mrs. Donat Beland, citizens of the United States."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

MONMOUTH COUNTY, N.J.

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 322) for the relief of

Monmouth County, N.J., with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, lines 2 and 3, strike out "in excess of 10 per centum thereof".

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

HARRY F. LINDALL

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 1605) for the relief of Harry F. Lindall, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: "That sections 15 to 20, inclusive, of the Act entitled 'An Act to provide for employees of the United States suffering injuries while in the performance of their duties, and for other purposes,' approved September 7, 1916, as amended (5 U.S.C. 765-770), are hereby waived in favor of Harry F. Lindall, of Port Orchard, Washington, and his claim for compensation for disability allegedly caused by his employment in the Puget Sound Naval Shipyard beginning in May 1946 is authorized and directed to be considered and acted upon under the remaining provisions of such Act, as amended, if he files such claim with the Department of Labor (Bureau of Employees' Compensation) not later than six months after the date of enactment of this Act: *Provided*, That no benefits except hospital and medical expenses actually incurred shall accrue for any period of time prior to the date of enactment of this Act."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

A NEW WHITE FLEET

Mr. EDMONDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EDMONDSON. Mr. Speaker, I have today introduced a resolution call-

ing upon the President to revive the Great White Fleet of Theodore Roosevelt's day and to put such a fleet to work in the cause of peace.

The resolution, also introduced in the House by the Honorable WILLIAM BATES and in the other body by Senators HUBERT HUMPHREY and GEORGE AIKEN, was inspired by a 38-year-old naval officer from Oklahoma, Comdr. Frank A. Manson.

It urges that naval vessels be taken from mothballs to serve as mercy ships in the delivery of surplus American foods, medicine, and other supplies to disaster and distress areas of the world.

The Manson proposal, described in today's issue of Life magazine as a bold proposal for peace, makes a great deal more sense to me than some parts of our foreign-aid program as it is now being administered.

The plan combines two basic pioneering ideas often missing in our foreign-aid program. These ideas are giving direct help to a neighbor in distress and using the tools at hand to do the job.

By using our mothballed fleet to carry surplus food and American technical help to disaster and distress areas of the world, we can place at least a part of our mutual aid program upon a direct, people-to-people basis, and assure maximum benefit to our own country's interests in the process.

At a cost that is only a fraction of existing foreign-aid projects—with no danger of resulting injury to American industries—we can launch and maintain a Great White Fleet to serve both American interests and world peace.

Later this week I will speak at length on the new white fleet proposal, and I urge your support of this bold proposal for peace.

COMMITTEE ON FOREIGN AFFAIRS

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may have until midnight tonight to file a conference report on the bill H.R. 7500.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 695)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Mutual Security Act of 1959'."

"Statement of policy"

"SEC. 2. Section 2 of the Mutual Security Act of 1954, as amended, which is a statement of policy, is amended to read as follows:

"SEC. 2. STATEMENT OF POLICY.—(a) It is the sense of the Congress that peace in the world increasingly depends on wider recognition, both in principle and practice, of the dignity and interdependence of men; and that the survival of free institutions in the United States can best be assured in a worldwide atmosphere of expanded freedom.

"(b) Through programs of assistance authorized by this Act and its predecessors, the United States has helped thwart Communist intimidation in many countries of the world, has helped Europe recover from the wounds of World War II, has supported defensive military preparations of nations alerted by Communist aggression, and has soundly begun to help peoples of economically underdeveloped areas to develop their resources and improve their living standards.

"(c) Programs authorized by this Act continue to serve the following principal purposes:

"(1) The Congress recognizes the basic identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, and to produce more goods and services, and to improve ways of living by methods which reflect the popular will, and to realize aspirations for justice, for education, and for dignity and respect as individual human beings, and to establish responsible governments which will cooperate with other like-minded governments. The Congress declares it to be a primary objective and need of the United States, and one consistent with its tradition and ideals, to share these strivings by providing assistance, with due regard for our other obligations, to peoples willing to work energetically toward these ends.

"(2) The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the nations it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination. The Congress declares it to be the policy of the United States to continue so long as such danger to the peace of the world and to the security of the United States persists, to make available to other free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

"(d) It is the sense of the Congress that inasmuch as—

"(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe; and

"(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

"(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world;

those nations which have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of

assistance of the type provided under this Act.

"(e) It is the sense of the Congress that assistance provided under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence. To this end, assistance shall be rendered where appropriate and feasible in such a way as to promote the emergence of political units which are economically viable, either alone or in cooperation with neighboring units."

"CHAPTER I—MILITARY ASSISTANCE"

"Military assistance"

"SEC. 101. Chapter I of the Mutual Security Act of 1954, as amended, which relates to military assistance, is amended as follows:

"(a) Amend section 103(a), which relates to authorization, to read as follows:

"(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1960 to carry out the purposes of this chapter not to exceed \$1,400,000,000, which shall remain available until expended. Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense. There is hereby authorized to be appropriated to the President for the fiscal years 1961 and 1962 such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended."

"(b) Amend section 105(b), which relates to conditions applicable to military assistance, as follows:

"(1) Amend paragraph (4) to read as follows:

"(4) Military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs to American Republics. The aggregate amount of funds which may be obligated or reserved during the fiscal year 1960 for furnishing military assistance to American Republics shall not exceed the aggregate amount of funds obligated or reserved for such purpose during the fiscal year 1959."

"(2) Add the following new paragraph:

"(5) To the extent feasible and consistent with the other purposes of this chapter, administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development."

"CHAPTER II—ECONOMIC ASSISTANCE"

"Defense support"

"SEC. 201. Section 131(b) of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out '1959' and '\$810,000,000' and substituting '1960' and '\$751,000,000', respectively.

"Utilization of counterpart funds"

"SEC. 202. Clause (iii) of section 142(b) of the Mutual Security Act of 1954, as amended, which relates to utilization of funds in Special Accounts, is amended by inserting immediately before the period at the end thereof the following: 'Provided further, That

whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States'.

"Development Loan Fund"

"SEC. 203. Title II of chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

"(a) Amend section 202(b), which relates to general authority, as follows:

"(1) Insert the following sentence immediately after the second sentence: 'The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people, demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives.'

"(2) In the next to last sentence, immediately before the period at the end thereof, insert the following: 'nor shall the fractional reserve maintained by the Development Loan Fund for any guaranty made pursuant to this section be less in any case than 50 per centum of the contractual liability of the Development Loan Fund under such guaranty, and the total contractual liability of the Development Loan Fund under all of such guaranties shall not, at any one time, exceed \$100,000,000'.

"(b) Amend section 203, which relates to capitalization, to read as follows:

"SEC. 203. CAPITALIZATION.—There is hereby authorized to be appropriated to the President at any time after enactment of the Mutual Security Act of 1959 without fiscal year limitation for advances to the Fund after June 30, 1959, not to exceed \$1,800,000,000 of which not to exceed \$700,000,000 may be advanced prior to July 1, 1960, and not to exceed an additional \$1,100,000,000 may be advanced prior to July 1, 1961.'

"(c) In section 204(b), which relates to fiscal provisions, strike out '(a)' in the second sentence.

"(d) Amend section 205, which relates to management, powers, and authorities, as follows:

"(1) In subsection (b), strike out 'three' in the second sentence and substitute 'four'.

"(2) In subsection (c), strike out the last sentence.

"Technical cooperation"

"SEC. 204. Title III of chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

"(a) In section 304, which relates to authorization, strike out '\$150,000,000' and '1959' and substitute '\$179,500,000' and '1960', respectively.

"(b) Amend section 306, which relates to multilateral technical cooperation and related programs, as follows:

"(1) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance and related fund, strike out '\$20,000,000' and '1959' and substitute '\$30,000,000' and '1960', respectively, and immediately after 'for such purpose' the last time it appears insert '(including assessed and audited local costs)'.

"(2) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out '1959' and substitute '1960'.

"(c) In section 308, which relates to the International Development Advisory Board,

insert 'or officers' after 'officer' in the first sentence and strike out 'to administer this title' in that sentence.

"Special assistance and other programs"

"SEC. 205. Title IV of chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is amended as follows:

"(a) Amend section 400, which relates to special assistance, as follows:

"(1) In subsection (a), which relates to authorization, strike out '1959' and '\$202,500,000' and substitute '1960' and '\$247,500,000', respectively.

"(2) In subsection (c), which relates to assistance to American-sponsored schools and libraries abroad, strike out '\$10,000,000' and substitute '\$20,000,000', and in the last sentence of such subsection strike out 'for the purposes of this subsection' and insert in lieu thereof the following: 'and notwithstanding the provisions of Public Law 213, Eighty-second Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act, for the purposes of this subsection and for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States'.

"(b) Insert after section 400 the following new section:

"SEC. 401. UNITED NATIONS EMERGENCY FORCE.—The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1960 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force."

"(c) In section 402, which relates to earmarking of funds, strike out '1959' in the first sentence and substitute '1960'; in the same sentence, after the words 'foreign currencies' insert the words 'or the grant', and at the end of the section, add the following new sentences: 'Surplus food commodities or products thereof made available for transfer under this Act (or any other Act) as a grant or as a sale for foreign currencies may also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c). Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended by inserting "whether in private stocks or" after "commodities" the first time that word appears.'

"(d) In section 403, which relates to responsibilities in Germany, strike out '1959' and '\$8,200,000' in the first sentence and substitute '1960' and '\$7,500,000', respectively.

"(e) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

"(1) In subsection (c), strike out '1959' and '\$1,200,000' and substitute '1960' and '\$1,100,000', respectively.

"(2) In subsection (d), strike out '1959' and '\$8,600,000' and substitute '1960' and '\$5,200,000', respectively.

"(f) In section 406, which relates to children's welfare, strike out '\$11,000,000' and '1959' and substitute '\$12,000,000' and '1960', respectively.

"(g) In section 407, which relates to Palestine refugees in the Near East, strike out '1959' in the first sentence and substitute '1960', and in the proviso in the first sen-

tence, strike out '15 per centum' and substitute '10 per centum'.

"(h) In section 408(c), which relates to the North Atlantic Treaty Organization, strike out 'four' and substitute 'five'.

"(i) In section 409(c), which relates to ocean freight charges, strike out '1959' and '\$2,100,000' and substitute '1960' and '\$2,300,000', respectively.

"(j) Section 410, which relates to Control Act expenses, is repealed.

"(k) Amend section 411, which relates to administrative and other expenses, as follows:

"(1) In subsection (b), strike out '1959' and '\$33,000,000' and substitute '1960' and '\$39,500,000', respectively.

"(2) In subsection (c), strike out 'not to exceed \$7,000,000 in any fiscal year,' and insert before the period 'and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): *Provided*, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct'.

"(l) After section 411, insert a new section as follows:

"SEC. 412. PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUND.—Of the funds appropriated pursuant to this Act for use beginning in each of the fiscal years 1960 through 1964, \$10,000,000 for each such year shall be available only as follows:

"(a) \$5,000,000 shall be available until expended only for financing studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands. Such financing may include payment for transportation, tuition, maintenance and other expenses incident to scholastic activities. The President may employ such funds to augment programs of this character authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended, and by the United States Information and Educational Exchange Act of 1948, as amended, and he may consolidate such portions of such \$5,000,000 as he may deem appropriate with appropriations made to carry out these two Acts.

"(b) \$5,000,000 shall be available until expended only for the training of people of underdeveloped countries in skills which will contribute to economic development. Such training shall be carried out in accordance with the policies set forth in title III of chapter II, relating to technical cooperation, and such \$5,000,000 may be consolidated with appropriations made for carrying out title III of chapter II.'

"(m) Amend section 413, which relates to encouragement of free enterprise and private participation, as follows:

"(1) In subparagraph (b)(4)(A), strike out 'any of the purposes of this Act' and substitute 'the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act'.

"(2) In subparagraph (b)(4)(F), strike out '\$500,000,000' and substitute '\$1,000,000,000'.

"(3) In subparagraph (b)(4)(G), strike out 'achieving any of the purposes of this Act' and substitute 'furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act'.

"(4) In subsection (c), delete the words 'a study' following the words 'shall conduct'

and insert in lieu thereof 'annual studies to keep the data up to date'; insert immediately before the period at the end of the first sentence the following: ', and to the net position of the United States in its balance of trade with the rest of the world'; and in the final sentence delete the word 'study' following 'such' and insert in lieu thereof 'studies'.

"(5) Add the following new subsection:

"(d) Under the direction of the President, the Department of State and such other agencies of the Government as the President shall deem appropriate shall conduct a study of methods by which the United States and other nations including those which are parties to regional agreements for economic cooperation to which the United States is a party, or any of them, might best together formulate and effectuate programs of assistance to strengthen the economies of free nations so as to advance the principal purposes of this Act, as stated in section 2 thereof."

"(n) In section 419(a), which relates to atoms for peace, strike out '1959' and '\$5,500,000' in the second sentence and substitute '1960' and '\$6,500,000', respectively.

"CHAPTER III—CONTINGENCY FUND

"Sec. 301. Section 451(b) of the Mutual Security Act of 1954, as amended, which relates to the President's special authority and contingency fund, is amended by striking out '1959' in the first sentence and substituting '1960'.

"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

"Sec. 401. Chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is amended as follows:

"(a) In section 503, which relates to termination of assistance, insert '(a)' immediately after 'TERMINATION OF ASSISTANCE.—', and add at the end thereof the following:

"(b) In any case in which the President determines that a nation has hereafter nationalized or expropriated the property of any person as defined in section 413(b) and has failed within six months of such nationalization or expropriation to take steps determined by the President to be appropriate to discharge its obligations under international law toward such person, the President shall, unless he determines it to be inconsistent with the national interest, suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken.

"(c) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance whereby, wherever practicable, such grant assistance shall be progressively reduced and terminated."

"(b) In section 504, which relates to small businesses, add the following new subsection:

"(d) Of the funds appropriated pursuant to section 451(b) of this Act, the President is authorized to utilize not to exceed \$2,500,000 for the fiscal year 1960 to make available to foreign small business concerns in underdeveloped countries, or to foreign government organizations established for the purpose of helping such concerns in underdeveloped countries, on such terms and conditions as he may determine, machine tools, industrial equipment and other equipment owned by agencies of the United States Government."

"(c) In section 505(b), which relates to loan assistance and sales, strike out the third sentence and substitute the following: 'United States dollars received in repayment

of principal and payment of interest on any loan made under this section shall be deposited in miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan which are in excess of the requirements as determined from time to time by the Secretary of State for purposes authorized in section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 App. U.S.C. 1641(b)), may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to and be available for the authorized purposes of the Development Loan Fund in such amounts as may be specified from time to time in appropriation Acts."

"(d) In section 510, which relates to purchase of commodities, delete the comma following the words 'industrial mobilization base' in the third sentence and insert the following: 'or to the net position of the United States in its balance of trade with the rest of the world.'"

"(e) In section 517, which relates to completion of plans and cost estimates, delete the words 'title I, or' in the first sentence, and insert 'title I, II, or', and add at the end of such section the following: "To the maximum extent practicable, all contacts for construction outside the United States made in connection with any agreement or grant subject to this section, except any agreement for assistance authorized under title II of chapter II, shall be made on a competitive basis."

"(f) Amend section 523, which relates to coordination with foreign policy, as follows:

"(1) In subsection (b), add the following new sentence: 'The chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.'"

"(2) Amend subsection (c) to read as follows:

"(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby."

"(g) In section 527(b), which relates to employment of personnel, strike out 'sixty' and 'thirty-five' in the first sentence and substitute 'seventy' and 'forty-five', respectively, and add the following new sentence at the end of such section: 'One of the offices established by section 1(d) of Reorganization Plan Numbered 7 of 1953 may notwithstanding the provisions of any other law be compensated at a rate not in excess of \$20,000 per annum.'"

"(h) Insert immediately after section 533 the following new section:

"SEC. 533A. INSPECTOR GENERAL AND COMPTROLLER.—(a) There is hereby established in the Department of State an office to be known as the 'Office of the Inspector General and Comptroller', which shall be headed by an officer designated as the

'Inspector General and Comptroller', whose salary shall be fixed at the annual rate of \$19,000, and who shall be appointed by the Secretary of State and be responsible to an Under Secretary of State, designated for such purpose by the Secretary of State. In addition, there shall be a Deputy Inspector General and Comptroller, whose salary shall not exceed the maximum rate provided under the General Schedule of the Classification Act of 1949, as amended, and such other personnel as may be required to carry out the functions vested in the Inspector General and Comptroller by or pursuant to this section.

"(b) There are hereby transferred to the Inspector General and Comptroller all functions, powers, and duties of the Office of Evaluation of the International Cooperation Administration, and so much of the functions, powers, and duties of the Office of Personnel Security and Integrity as relate to investigations of improper activities in connection with programs under the International Cooperation Administration.

"(c) The Inspector General and Comptroller shall have the following duties, in addition to those duties transferred to him under subsection (b) of this section:

"(1) Establishing or reviewing and approving a system for financial controls over programs of assistance authorized by this Act to insure compliance with applicable laws and regulations;

"(2) Advising and consulting with the Secretary of Defense or his delegate with respect to the controls, standards, and procedures established or approved under this section, insofar as such controls, standards, and procedures relate to assistance furnished under chapter I of this Act;

"(3) Establishing or reviewing and approving policies and standards providing for extensive internal audits of programs of assistance authorized by this Act;

"(4) Reviewing and approving internal audit programs under this section, and coordinating such programs with the appropriate officials of other Government departments in order to insure maximum audit coverage and to avoid duplication of effort;

"(5) Reviewing audit findings and recommendations of operating agencies and the action taken thereon, and making recommendations with respect thereto to the Under Secretary of State and other appropriate officials;

"(6) Conducting or requiring the conduct of such special audits as in his judgment may be required in individual cases, and of inspections with respect to end-item use in foreign countries;

"(7) Establishing or reviewing and approving a system of financial and statistical reporting with respect to all programs of assistance authorized by this Act;

"(8) Advising the Under Secretary of State and other appropriate officials on fiscal and budgetary aspects of proposed programs of assistance authorized by this Act;

"(9) Designing the form and prescribing the financial and statistical content of the annual program presentation to the Congress;

"(10) Coordinating and cooperating with the General Accounting Office in carrying out his duties, to the extent that such duties are within areas of responsibility of the General Accounting Office; and

"(11) Carrying out such other duties as may be vested in him by the Under Secretary of State.

"(d) Expenses of the Office of the Inspector General and Comptroller with respect to programs under this Act shall be charged to the appropriations made to carry out such programs: *Provided*, That all documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or

activities of the Office of Inspector General and Comptroller shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Office, upon request of the General Accounting Office or such committee or subcommittee as the case may be.

"(i) Amend section 534, which relates to reports to the Congress, by inserting '(a)' immediately after 'REPORTS.—' and by adding at the end thereof the following:

"(b) All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration, upon request of the General Accounting Office or such committee or subcommittee as the case may be."

"(j) Amend section 537, which relates to provisions on uses of funds, as follows:

"(1) In paragraph (5) of subsection (a), strike out '\$3,300' and substitute '\$3,500'.

"(2) In subsection (c), strike out '\$26,000,000' and substitute '\$27,750,000'.

"(3) Amend subsection (f) to read as follows:

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered, and the methods used, in determining the level of aid for such country; the reason for including each such factor and an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the determination of the particular level of forces to be supported by the proposed request for authorization and appropriation for military assistance, the factors considered and methods used in arriving at each country determination, and where the level of forces supported by military assistance differs from the total level of forces maintained in any such country, an explanation, in detail, of the reason for the difference in such level of forces."

"(k) In section 543(d), which relates to saving provisions, strike out the words between 'repealed' and 'shall' in the first sentence and substitute 'subsequent to the time such funds are appropriated'; insert 'or subsequent Acts' after '1957' both times it appears in the second sentence; and strike out the last sentence.

"(l) Section 549, which relates to special provisions on availability of funds is repealed.

"(m) After section 549 add the following new sections:

"SEC. 550. INFORMATION POLICY.—The President shall, in the reports required by section 534, or in response to requests from Members of the Congress or inquiries from the public, make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States.

"SEC. 551. LIMITATION ON THE USE OF THE PRESIDENT'S SPECIAL AUTHORITY.—The author-

ity contained in sections 403, 451, and 501 of this Act shall not be used to augment appropriations made pursuant to sections 103(b), 408, 411(b), and 411(c) or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses."

"CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

"International cooperation in health

"SEC. 501. (a) The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

"(b) In order to carry out the purposes of subsection (a) of this section and in order to plan logically for an orderly expansion of United States support to international health activities, the President is authorized to undertake, in cooperation directly with other governments, or indirectly through utilizing the resources and services of the United Nations and the Organization of American States or any of their specialized agencies, programs and projects of research, studies, field surveys, trials, and demonstrations to determine the feasibility of future intensive programs for reduction, control, or eradication of disease problems of international importance. Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of \$2,000,000 shall be available to carry out the purposes of this section.

"Colombo Plan Council for Technical Cooperation

"SEC. 502. To enable the United States to maintain membership in the Colombo Plan Council for Technical Cooperation, there is hereby authorized to be appropriated from time to time to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation.

"CHAPTER VI—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

"Statement of purpose

"SEC. 601. The purpose of this chapter is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as 'the East') through cooperative study and research, by establishing in Hawaii a Center for Cultural and Technical Interchange Between East and West, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the East and the Western World may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the Mutual Security Act of 1954 and other Acts promoting the international educational, cultural, and related activities of the United States.

"Establishment of center

"SEC. 602. In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as Secretary), after consultation with appropriate public and private authorities, shall on or before January 3, 1960, prepare and submit to the Congress a plan and program for—

"(1) the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West through arrangements to be made with public, educational, or other nonprofit institutions;

"(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and Western World as may be necessary to attract such scholars and authorities to the Center;

"(3) grants, scholarships, and other payments to qualified candidates from the nations of the East and West as may be necessary to enable such students to engage in study at the Center; and

"(4) making the facilities of the Center available for study to other qualified persons on a reasonable basis.

"Authorization of appropriations

"SEC. 603. There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this chapter.

"CHAPTER VII—AMENDMENTS TO OTHER LAWS AND MISCELLANEOUS PROVISIONS

"Amendments to other laws

"SEC. 701. (a) The Defense Base Act, as amended (42 U.S.C. 1651), is further amended by inserting in subsection (e) of the first section, between 'the approval of this Act,' and 'and contracting officers' in the first sentence, the following: 'and the liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in performance of contracts, subcontracts, or subordinate contracts specified in subparagraph (5), subdivision (a) of this section, and the conditions set forth therein, shall hereafter be applicable to the remaining terms of such contracts, subcontracts, and subordinate contracts entered into prior to June 30, 1958, but not completed on the date of the enactment of the Mutual Security Act of 1959.'

"(b) Section 522 of the Foreign Service Act of 1946, as amended (60 Stat. 1009, 22 U.S.C. 922), is amended by striking out the word 'and' at the end of subparagraph (1), by striking out the period at the end of subparagraph (2) and substituting a semicolon and the word 'and', and by adding at the end thereof a new subparagraph (3) which shall read as follows:

"(3) extend the appointment or assignment of any Reserve officer, or continue the services of any such Reserve officer by reappointment without regard to the provisions of section 527 of this Act, for not more than five additional years if the Secretary deems it to be in the public interest to continue such officer in the Service, except that the assignment of any Reserve officer under paragraph (2) above may not be extended under the provisions of this paragraph without the consent of the head of the agency concerned."

"(c) Section 1011(a) of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442), is amended by inserting before the period at the end thereof a colon and the following: 'Provided, That the purpose of making informational media guaranties shall be the achievement of the foreign policy objectives of the United States, including the objective mentioned in sections 413(b)(4)(A) and 413(b)(4)(G) of the Mutual Security Act of 1954, as amended'.

"(d) Section 104(k) of Public Law 480, Eighty-third Congress (68 Stat. 454), as

amended, is further amended by inserting 'research' immediately after 'conduct', and by substituting for the phrase ', but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefore;' the following: "Provided, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts;"

"Expenses of annual meeting of North Atlantic Treaty Parliamentary Conference"

"SEC. 702. There is authorized to be appropriated the sum of \$100,000 for the purpose of defraying the expenses incident to the annual meeting of the North Atlantic Treaty Parliamentary Conference for the year 1959, to be held in Washington, District of Columbia. Funds appropriated pursuant to this authorization shall be disbursed on vouchers jointly approved by the chairmen of the Senate and House delegations to the Conference, and such approval shall be final and conclusive upon the accounting officers in the auditing of accounts incident to the annual meeting.

"United States participation in World Refugee Year"

"SEC. 703. Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of \$10,000,000 shall be available for United States participation in World Refugee Year. Such sum shall be available for allocation by the President for assistance, either directly or through intergovernmental organizations or agencies, to the various refugee groups, and shall be used primarily in furtherance of permanent solutions of the problems of such groups and in alleviating their urgent emergency needs."

And the Senate agree to the same.

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
ROBERT B. CHIPERFIELD,
WALTER H. JUDD,

Managers on the Part of the House.

J. W. FULBRIGHT,
THEODORE FRANCIS GREEN,
JOHN J. SPARKMAN,
HUBERT H. HUMPHREY,
MIKE MANSFIELD,
ALEXANDER WILEY,
BOURKE B. HICKENLOOPER,
GEORGE D. AIKEN,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate

to the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

INTRODUCTION

The House bill authorized \$3,542,600,000 for fiscal year 1960. The Senate amendment authorized \$3,543,320,000, together with a continuing authorization for military assistance beginning in fiscal year 1961 as well as authorizing an appropriation of \$1,250,000,000 to be advanced to the Development Loan Fund during fiscal 1961. The committee of conference adjusted the individual program amounts and agreed on a total authorization of \$3,556,200,000 for fiscal 1960 as well as authorizing the appropriation of such funds as may be necessary for military assistance in fiscal years 1961 and 1962, together with an authorization of the appropriation of \$1,100,000,000 for advances to the Development Loan Fund during fiscal 1961.

Mutual security funds, fiscal year 1960

Program	House bill (1)	Senate amendment (2)	Conference substitute (3)	Adjustment against House bill (4)	Adjustment against Senate amendment to House bill (5)
<i>Chapter</i>					
I. Military assistance: Sec. 103(a): General authorization.....	\$1,440,000,000	\$1,300,000,000	¹ \$1,400,000,000	-\$40,000,000	+\$100,000,000
II. Economic assistance:					
Title I—Defense support: Sec. 131(b).....	750,000,000	751,500,000	751,000,000	+1,000,000	-500,000
Title II—Development Loan Fund: Sec. 203: Capitalization.....	700,000,000	² 750,000,000	³ 700,000,000		-50,000,000
Title III—Technical cooperation:					
Sec. 304: General authorization.....	179,500,000	179,500,000	179,500,000		
Sec. 306: Multilateral technical cooperation and related programs:					
(a) United Nations Technical Assistance.....	30,000,000	30,000,000	30,000,000		
(b) Organization of American States.....	1,500,000	1,500,000	1,500,000		
Total, title III.....	211,000,000	211,000,000	211,000,000		
Title IV—Special assistance and other programs:					
Sec. 400(a): Special assistance.....	250,000,000	244,620,000	247,500,000	-2,500,000	+2,880,000
Sec. 405: Migrants, refugees, and escapees:					
(a) Intergovernmental Committee for European Migration.....	(4)	(4)			
(c) United Nations High Commissioner for Refugees.....	1,100,000	1,100,000	1,100,000		
(d) Escapee program.....	5,200,000	5,200,000	5,200,000		
Sec. 406: Children's welfare.....	12,000,000	12,000,000	12,000,000		
Sec. 407: Palestine refugees.....	25,000,000	25,000,000	25,000,000		
Sec. 409(c): Ocean freight charges on voluntary relief shipments.....	2,300,000	2,300,000	2,300,000		
Sec. 411: Administrative and other expenses:					
(b) Administrative and other expenses (other than ch. I and title II of ch. II).....	39,500,000	39,500,000	39,500,000		
(c) State Department administrative expenses.....	(4) (5)	(4) (5)			
Sec. 419(a): Atoms for peace.....	6,500,000	6,500,000	6,500,000		
Total title IV.....	341,600,000	336,220,000	339,100,000	-2,500,000	+2,880,000
Total ch. II.....	2,002,600,000	2,048,720,000	2,001,100,000	-1,500,000	-47,620,000
III. Contingency fund: Sec. 451(b).....	100,000,000	180,000,000	155,000,000	+55,000,000	-25,000,000
IV. Sec. 504: Small business.....		2,500,000			-2,500,000
V. Sec. 501(b) of Mutual Security Act of 1959: International Cooperation in Health.....		2,000,000			-2,000,000
VII. Sec. 704 of Mutual Security Act of 1959: NATO parliamentarians.....		100,000	100,000	+100,000	
Sec. 705 of Mutual Security Act of 1959: World Refugee Year.....		10,000,000			-10,000,000
Total all chapters and sections.....	3,542,600,000	3,543,320,000	3,556,200,000	+13,600,000	+12,880,000

¹ Conferees authorized such funds as may be necessary in fiscal years 1961 and 1962.

² In addition, a sum not to exceed \$1,250,000,000 was authorized to be advanced prior to July 1, 1961.

³ In addition, a sum not to exceed \$1,100,000,000 is authorized to be advanced prior to July 1, 1961.

⁴ Continuing authorization is now contained in the act.

⁵ Control act expenses formerly authorized by sec. 410 are included in sec. 411(c).

STATEMENT OF POLICY (SEC. 2)

Both the House bill and the Senate amendment contained revisions of the statement of policy contained in the Mutual Security Act. Although differing in wording, these revisions were similar in content.

The committee of conference agreed to language which combined into a single statement the major elements of both the House and Senate provisions with the policy statement already in the act.

AUTHORIZATION FOR MILITARY ASSISTANCE (SEC. 101(a))

The House bill amended section 103(a) to authorize \$1.44 billion to be appropriated for military assistance.

The Senate amendment amended section 103(a) to (1) authorize \$1.3 billion to be appropriated for military assistance; (2) earmark \$893,750,000 for assistance to NATO countries or for activities of NATO in such countries; (3) provide that programs of military assistance subsequent to fiscal year 1960 should be budgeted so as to come into direct competition for financial support with other activities and programs of the Department of Defense; and (4) provide a continuing authorization for appropriations for military assistance after fiscal year 1960.

The committee of conference agreed to an authorization of \$1.4 billion, a reduction of \$40 million below the amount authorized by the House and an increase of \$100 million above the amount authorized by the Senate. The Senate receded from its requirement that a specified amount should be earmarked for military assistance to NATO countries.

The managers on the part of the House accepted, with an amendment omitting the word "direct", the Senate provision that subsequent to fiscal year 1960 programs of military assistance should be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense. The House conferees accepted this provision in the belief that military assistance should be subjected to rigid scrutiny by military officers responsible for our own defense. It was the understanding of the managers on the part of the House, however, that acceptance of this provision does not indicate that only military factors should be taken into consideration in budgeting for military assistance or that political factors should be ignored.

The House conferees were unwilling to accept the Senate provision for a continuing authorization for military assistance after fiscal year 1960. They agreed, however, to what is, in effect, a continuing authorization for military assistance for a period of 2 years beyond fiscal 1960 on an experimental basis. In accepting this compromise, the committee of conference emphasized that it was the intention of both the Committee on Foreign Affairs of the House and the Committee on Foreign Relations of the Senate to continue to make a careful review of all aspects of the military assistance program and to report to the House and Senate in the annual mutual security bill recommended legislation on the military assistance program. It was also the intention that each committee should receive each year a detailed report from the Department of Defense on the progress made in carrying out the military assistance program and a full explanation of the program planned for the forthcoming fiscal year, particularly in connection with the requests of the executive branch for authorization of funds for defense support for the forthcoming fiscal year.

It was the consensus of the managers on the part of the House and the Senate that on the basis of such continuous review the Congress might at any time deem it appropriate to reestablish annual dollar authorizations for military assistance and that the

entire matter would in any case be reviewed when it becomes necessary to consider the authorization for military assistance funds after fiscal 1962.

LIMITATIONS ON MILITARY ASSISTANCE (SEC. 101(b)(1))

The House bill added a new section 105(b) to the act which provided that, except where the President determined that the national interest required otherwise, and so reported to the Congress, arms or weapons could be furnished on a grant basis only if three specific criteria were satisfied. The Senate bill contained limitations on the furnishing of military assistance to Latin America. It amended section 105(b)(4) of the act so as to prohibit the furnishing of military equipment and materials to the American Republics except in furtherance of Western Hemisphere defense missions. Training was excepted from this requirement. It also permitted the furnishing of military assistance to an international military force under the control of the Organization of American States. The Senate bill also deleted the word "normally" from the requirement that internal security requirements shall not normally be the basis for military assistance programs to Latin America. It was further provided that military assistance to Latin America for fiscal year 1960 would be limited to \$65 million plus an additional \$31.5 million to be available only for assistance to an international military force under the control of the Organization of American States. Any balance of the \$31.5 million which was not furnished to an OAS military force could be transferred to special assistance to promote economic development in Latin America.

The committee of conference did not accept the House amendment. It agreed to the provision that military assistance other than training should be furnished only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States.

The amendment adopted by the committee of conference provides that internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs to American Republics. It also eliminates the word "normally" from existing law. Finally, the committee of conference adopted an amendment which limits the funds for military assistance to the American Republics for fiscal year 1960 to the current levels, that is, the amounts obligated and reserved for such purposes during fiscal year 1959.

In the opinion of the managers on the part of the House it is impractical to provide funds solely for the purpose of furnishing military assistance to a military police force under the OAS. There has been no indication that the American Republics are willing to form such a force and there are no guidelines as to how such a force would be constituted and operated. Furthermore, if such a provision had been adopted stating that any funds not spent for this purpose could be used for economic assistance, the integrity of the military assistance appropriation would have been imperiled. On the other hand, in view of the changing relative emphasis between military and economic assistance, and in view of the decreased emphasis on military assistance in Latin America, the committee of conference was agreed that military assistance to Latin America for the coming fiscal year should not exceed last year's levels.

The elimination of the word "normally" from the sentence providing that internal security requirements shall not "normally" be the basis for military assistance programs to Latin America makes it clear that it is the intent of the committee of conference

that internal security requirements shall not, in the absence of a Presidential exception, be the basis for furnishing military assistance to Latin America. Rather, it is the intent of the committee of conference that such military assistance as is furnished shall be in accordance with hemisphere defense planning and should be in furtherance of hemispheric missions.

MILITARY ASSISTANCE IN UNDERDEVELOPED COUNTRIES (SEC. 101(b)(2))

The Senate bill added a new paragraph (5) to section 105(b) of the act. The new paragraph provides that to the extent feasible the administrators of the military assistance program should encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development. The House bill contained no similar provision.

The committee of conference accepted the Senate amendment. The purpose of this amendment is to make it clear that it is the intent of the Congress, where possible, that military assistance should perform a dual function, and to the maximum extent possible, training activities of foreign military forces supported by military assistance should also support economic goals, as in the construction of roads and public works and in training. There is a unique opportunity in many of these underdeveloped countries to provide education and technical training to the members of their armed forces. In this way education and technical training can be diffused throughout the population. In many instances it is possible for the armed services to combine military activities with useful public work; for example, where there is to be training in the construction of roads, bridges, etc., it is quite possible that such construction can be utilized for economic improvement as well as in purely training activities. Furthermore, where troops are idle, it might be possible to put them to use in constructive activities. On the other hand, the managers on the part of the House are insistent that such activities not interfere with the primary role of military assistance, which is to provide for the defense of the nation to which the assistance is furnished.

DEFENSE SUPPORT (SEC. 201)

The House authorized \$750 million for defense support (sec. 131(b)) while the Senate authorized \$751,500,000. The committee of conference adopted a figure of \$751 million for defense support.

USE OF COUNTERPART FUNDS FOR EDUCATION

The House bill (sec. 202) amended section 142(b)(iii)(1) of the Mutual Security Act to authorize the use for the advancement of education of local currencies subject to joint control by the United States and countries which have received nonmilitary assistance from the United States. The Senate amendment contained no provision relating to this subject.

The managers on the part of the House receded with respect to this provision with the understanding that adequate authority for the use of counterpart funds authorized by section 142(b)(iii)(1) for diversified educational programs and assistance to schools and colleges is already in existence, and that the objectives of the House provision could be accomplished without the enactment of the provision contained in the House bill.

DEVELOPMENT LOAN FUND
U.S. balance of trade

The House bill contained a provision (sec. 203(a)(1)) that in determining whether a loan should be made, the Board of the Development Loan Fund must take into consideration "the net position of the United

States in its balance of trade with the rest of the world." The Senate bill contained no such provision. The committee of conference deleted this provision since the bill now contains an amendment to section 413(c) providing that annual studies will be made of the role of private enterprise in the mutual security program, and of the impact of that program on the U.S. economy. A factor to be considered in these studies is the net position of the United States in its balance of trade with the rest of the world. Also, the House bill contained an amendment to section 510 which was retained by the committee of conference. This amendment requires that in determining whether procurement outside the United States is permissible, the President must take into consideration the net position of the United States in its balance of trade with the rest of the world.

Furthermore, it would be almost impossible to determine the impact of any particular development loan transaction on the entire U.S. balance of trade.

Guarantee authority (sec. 203(a)(2))

The House bill contained a provision (sec. 203(a)(3)) providing that the fractional reserve maintained for guarantees made by the Development Loan Fund pursuant to the authority of section 202(b) of the act should in no case be less than 50 percent of the face amount of the guarantee. The Senate bill contained no such provision. The committee of conference adopted revised language which provides that the fractional reserve maintained for any guarantee shall not be less than 50 percent of the contractual liability of the Development Loan Fund and that the amount of such contractual liabilities shall not at any time exceed \$100 million.

The utilization of fractional reserves for guarantees under the Development Loan Fund will facilitate greater participation by private enterprise in the task of developing the less developed countries. It is reasonable, however, at this time to require that a minimum reserve of at least 50 percent be maintained and that a limitation should be placed on the guarantees outstanding. The revised language adopted by the committee of conference places such a limitation on the outstanding guarantees and also provides that both the fractional reserve and the limitation on the amount of guarantees which may be outstanding should be computed on the basis of the contractual liability of the Development Loan Fund. Utilization of this guarantee technique with its limitation should encourage greater participation by private enterprise and should facilitate the achievement of the goals of the Development Loan Fund.

Capitalization (sec. 203(b))

Section 203 of the House bill authorized an appropriation of \$700 million for the Development Loan Fund without fiscal year limitation. The Senate bill contained an authorization of \$2 billion for the Development Loan Fund without fiscal year limitation. It was provided, however, that only \$750 million of this amount could be advanced prior to July 1, 1960, and the remaining \$1,250 million could be advanced after that date.

The committee of conference agreed to a compromise whereby the form of the language contained in the Senate bill is followed. Under these provisions the advances in fiscal year 1960 are limited to \$700 million and the remaining sum for advances is limited to \$1,100 million.

This means that the total authorization for the Development Loan Fund is \$1,800 million, a reduction of \$200 million from the Senate authorization.

The Development Loan Fund was conceived as a long-term lending operation. In

order to achieve its goals, and in order to operate at maximum efficiency, the Managers of the Fund should know the resources which will be available to them in the future. The managers on the part of the House are of the opinion that the amounts authorized are necessary for the efficient operation of the Development Loan Fund.

Increase of positions (sec. 203(d)(1))

The Senate bill (sec. 202(b)(1)) contained a provision authorizing an increase from three to four in the number of DLF statutory positions below the Managing Director and his Deputy with compensation not in excess of \$18,000 per year. The House bill contained no such provision. The managers on the part of the House accepted the Senate amendment. The position requested is that of the principal assistant to the Deputy Managing Director for Finance and Development. If the Development Loan Fund is to operate at maximum efficiency it is essential that it have a sufficient number of the higher salaried positions to attract and keep competent personnel. In the opinion of the managers on the part of the House, sufficient evidence was presented to justify their acceptance of the authorization of this additional position.

Administration of loans (sec. 203(d)(2))

The Senate bill (sec. 203(b)(2)) contained a provision striking the final sentence from section 205(c) of the act. That sentence provides that the Export-Import Bank shall administer loans made from the Development Loan Fund as provided in section 505(b) of the act. The House bill contained no such provision. The managers on the part of the House accepted the Senate amendment.

The language which is deleted from the act was inserted so as to provide that the Export-Import Bank should handle the responsibility for the administration of loans made by the Development Loan Fund. Actual practice, however, revealed that the Export-Import Bank was not fully equipped to handle this type of transaction and that it was more desirable to have the International Cooperation Administration perform many of the administrative services in connection with Development Loan Fund loans. Accordingly, this sentence is stricken from the act. Even with the sentence deleted, however, there is still ample authority for the Export-Import Bank to provide services in the administration of these loans.

UNITED NATIONS TECHNICAL ASSISTANCE PROGRAM (SEC. 204(b)(1))

The House bill amended section 306(a) to authorize \$30 million to be appropriated for contributions to the United Nations Technical Assistance (UNTA) Program and the Special Fund at 40 percent of the annual goal of approximately \$100 million. The Senate amendment authorized an identical appropriation but provided that the contributions for calendar year 1960 and thereafter may not exceed 39 percent and permitted the computation of assessed and audited local costs. The committee of conference adopted the House language with an amendment.

The committee agreed to retain the 40 percent limitation and added the language "(including assessed and audited local costs)". Since the recently established Special Fund has not yet developed procedures for assessing local costs, the immediate effect of the amendment will not be an increase in the base for calculating U.S. contributions to it. The amendment does not, however, represent an abandonment of our long-range objective to effect a progressive reduction in our contributions to international organizations. It is understood that assessed and audited local costs refer to local costs assessed upon benefiting countries which are paid to, and audited by, a central account.

INTERNATIONAL DEVELOPMENT ADVISORY BOARD (SEC. 204(C))

The committee of conference accepted the Senate language permitting the continuation of the International Development Advisory Board. The Board was reconstituted and its functions enlarged in accordance with the recommendations of the conference report on the Mutual Security Act of 1958. The Chairman and the 12 members of the Board are widely representative of the major segments of the American economy and society. The Board is now directly responsible to the Under Secretary of State, who acts as coordinator of the mutual security program. It is presently working on several subjects, including evaluation of technical cooperation and of U.S. activities in the field of international health conducted under the mutual security program and a study of the problems and potentials of foreign currency acquired in carrying out U.S. economic programs abroad.

The committee of conference believes that the high caliber of the Board's membership assures a careful appraisal by competent individuals of those important aspects of the mutual security program. The committee of conference also accepted the Senate amendment to section 308 of the Mutual Security Act to permit officers other than the Director of ICA to be consulted and advised by the Board.

SPECIAL ASSISTANCE AND OTHER PROGRAMS (SEC. 205(a)(1))

The House bill authorized an appropriation of \$250 million.

The Senate amendment authorized an appropriation of \$244,620,000.

The committee of conference agreed upon an authorization of \$247,500,000.

ASSISTANCE TO AMERICAN-SPONSORED SCHOOLS AND HOSPITALS (SEC. 205(a)(2))

The Senate amendment included an amendment to section 400(c) to increase from \$10 million to \$20 million the cumulative ceiling on the amount of special assistance funds which may be used to assist American-sponsored schools and libraries abroad. The Senate amendment contained no provision relating to American-sponsored hospitals abroad. The House bill, on the other hand, contained no provision concerning American-sponsored schools abroad but did carry an amendment to section 400(c) authorizing the use of special assistance funds for American-sponsored hospitals abroad as well as the use of foreign currencies accruing to the United States under the Mutual Security Act or any other act for the purposes of section 400(c), notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951.

The managers on the part of the House receded on the first provision and accepted the Senate language increasing the cumulative ceiling for assistance to American-sponsored schools and libraries abroad. The Senate receded on the second provision and agreed to new language. The amended language makes clear that the Mutual Defense Assistance Control Act of 1951 may be waived only in the case of assistance to schools, libraries, and hospitals in the form of foreign currencies accruing to the United States. The provisions of the Battle Act are not waived with respect to dollars authorized to be used pursuant to the first sentence of this subsection. The amended language is intended to constitute authorization for an appropriation to carry out the purposes of this subsection.

LAND RESETTLEMENT PROGRAMS IN LATIN AMERICA

The House bill (sec. 205(a)(3)) added a new section 400(d) to authorize the use in amounts specified in appropriation acts of foreign currencies, other than those of the

Development Loan Fund, accruing to the United States in Latin America under the Mutual Security Act or any other act for the purpose of making loans for land resettlement programs in Latin America.

The Senate amendment contained no provision on this subject.

The House receded on this amendment.

The committee of conference recognized the desirability of assisting land resettlement programs in Latin America, not only to relieve population pressures in certain parts of the world but also to advance the economic development of a number of areas in Latin America.

The conferees were informed that the provision in the House bill could be construed to restrict already existing authority to use foreign currencies for purposes of land resettlement under section 402 of the Mutual Security Act and section 104(g) of Public Law 480, 83d Congress. The House conferees, therefore, agreed that the objective to be attained under the authority contained in the House bill could be more effectively achieved if no alteration were made in existing law.

The managers on the part of the House believe that the Executive has not given sufficient consideration in the past to land resettlement programs in Latin America and recommend that greater effort be made in the future.

USE OF SURPLUS FOOD COMMODITIES (SEC. 205(C))

The House bill amended section 402 to earmark \$175 million of fiscal year 1960 mutual security funds to finance the export and sale of U.S. surplus agricultural commodities for foreign currencies.

The Senate amendment amended section 402 to read the same as the House bill, but also amended the first sentence of section 402 to include grants as well as sales and added two new sentences at the end of the section. The first sentence provided that U.S. surplus food commodities or products thereof made available for transfer under the Mutual Security Act or any other act as a grant or as a sale for foreign currencies should also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended, or to needy persons within the United States pursuant to clause (2) of section 32 of the act of August 24, 1935, as amended. The second sentence amended section 416 of the Agricultural Act of 1949, as amended, so as to permit use of commodities in private stocks for domestic and foreign distribution programs.

The House conferees accepted the provisions of the Senate bill with an amendment changing the word "shall" in the first of the new sentences to "may". They were impressed with the argument that it was desirable that surplus food commodities or the products thereof made available either for grant or for sale for foreign currencies abroad under section 402 of the Mutual Security Act or any other act be provided to the maximum extent practicable to eligible domestic recipients under already authorized relief feeding programs in order to eliminate any possibility that needy people in the United States should be at any disadvantage compared to people of foreign nations with respect to the distribution of such commodities. The provision does not authorize any additional funds for domestic relief purposes. It relates only to the designation of commodities which would be available under already existing authority and available funds for such domestic relief programs.

The committee of conference recognized that too rigid a requirement might impede the effective disposal of surplus food commodities abroad as well as unnecessarily interfere with the existing procedures for do-

mestic distribution. The language of the provision as agreed to allows sufficient flexibility in the administration of the program and at the same time indicates the intent of Congress that our own people should not be at any disadvantage in sharing surplus food commodities.

PALESTINE REFUGEES (SEC. 205 (g))

The House bill amended section 407 to authorize an appropriation of \$25 million for a contribution to the United Nations Relief and Works Agency (UNRWA) for Palestine refugees and deleted the proviso that requires 15 percent of the appropriations to be available only for resettlement and repatriation as distinct from relief and rehabilitation. The Senate amendment contained an identical authorization but retained the proviso.

The committee of conference retained the proviso but reduced the amount set aside for resettlement and repatriation to 10 percent. In reaching agreement the committee gave consideration to several factors. There is a continuing need for relief and rehabilitation. The number of refugees has actually increased during the past years. Nothing, however, has been accomplished effecting a repatriation or resettlement of the refugees. The whole program comes up for restudy this year by the United Nations General Assembly and will expire unless reauthorized. If the proviso were removed, it might seem to indicate an abandonment by the United States of its sustained interest in effecting a solution and, at the same time, would leave the impression that the United States was satisfied with nothing more than an indefinite relief program.

PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUNDS (SEC. 205(1))

The managers on the part of the House accepted, with an amendment, the Senate language that adds a new section 412. This section, as amended, provides that in each of the fiscal years 1960 through 1964, of the funds made available under this act \$10 million shall be available for educational and training programs for people of underdeveloped countries.

Half of the funds are to be used for financing "studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands." This program may be used to supplement activities under both the Fulbright Act and the United States Information and Educational Exchange Act.

The other half of the \$10 million is to be used for training the people of underdeveloped countries in skills which will contribute to economic development.

It is the intention of the committee of conference that the training authorized by this section not be limited to manual or technical skills but that it include the whole range of administrative and other skills necessary to operate a modern government with a developing economy.

INVESTMENT GUARANTEE PROGRAM (SEC. 205 (m) (1), (2), AND (3))

Both the House bill and the Senate amendment authorized an increase in the guarantee issuing authority (sec. 413(b)(4)(F)) from \$500 million to \$1 billion. The Senate amendment also included a provision restricting the purpose of the program to the development of the economic resources and productive capacities of economically underdeveloped areas.

The managers on the part of the House receded and accepted the Senate language with an amendment. The committee of conference was agreed that the purpose of the investment guarantee program was to stimulate the movement of American capital and know-how into areas that were economically underdeveloped. The committee recognized, however, that a number of applications had been filed by investors for guarantees of in-

vestment in connection with projects in Western European countries. In some instances these applications have reached an advanced stage of preparation and negotiation. To preclude these investors from eligibility for guarantee protection after many of them have spent considerable sums initiating projects would work an undue hardship. To meet this problem the committee set a cut-off date in the case of guarantees for projects in developed countries issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959.

STUDIES OF THE ROLE OF PRIVATE ENTERPRISE (SEC. 205 (m) (4))

The House bill amended section 413(c) of the act to require annual studies of the role of private enterprise in carrying out the purposes of the Mutual Security Act and of the impact of the mutual security program on the U.S. economy. The amendment also required special reference to be made in such reports to the net position of the United States in its balance of trade with the rest of the world.

The Senate amendment was substantially the same as the House language, except that it required only such studies as are appropriate to keep existing data up to date rather than annual studies.

Section 413(c) of the Mutual Security Act adopted last year required a study along the above lines. This study has been made. The amendments adopted by both the House and the Senate were intended to insure that these studies would be continued. Under the House version the studies would be annual; under the Senate version such studies would be made as would be necessary to keep the existing reports up to date.

The committee of conference adopted the House version, except that it provides that annual studies will be made to keep the data up to date. Under this provision it will not be necessary to make a completely new study each year but only to bring these studies up to date. When it appears that existing material is outdated, a new study would obviously be made.

STUDY OF MULTILATERAL PROGRAMS OF ASSISTANCE (SEC. 205 (m) (5))

The Senate bill added a new section 413(d) to the act which requires the executive branch to conduct a study of methods by which the United States and other nations might best together formulate and effectuate programs of assistance to strengthen the economies of the free nations. No similar provisions was contained in the House bill.

The committee of conference accepted the Senate amendment. The amendment is intended to insure that all of the facilities of the free world are brought to bear on the task of developing the underdeveloped areas and in providing for the security of the free world. The study will be concentrated on what can be done to encourage further economic cooperation among the free nations of the world.

CONTINGENCY FUND (SEC. 301)

The House bill, by amendment to section 451(b), carried an authorization of \$100 million of appropriations to the President's contingency fund. The Senate amendment carried an authorization of \$180 million.

The committee of conference agreed to an authorization of \$155 million. This is the amount appropriated for fiscal year 1959.

The adjustment agreed to by the managers on the part of the House was reached after the managers on the part of the Senate receded from separate authorizations for machine tools for small business, international cooperation in health, and the World Refugee Year.

TRANSFERABILITY OF FUNDS

The Senate amendment added a new section 501(b) which authorized the transfer of up to 30 percent of military assistance funds to technical cooperation, special as-

sistance, and nonmilitary programs other than defense support and the Development Loan Fund. The Senate receded from its insistence on its language. The committee of conference, in agreeing to delete the proposed language, recognized that the trade and assistance programs of international communism presented a rapidly increasing danger to the independence of friendly countries. Thus far it has been possible to meet this threat within the general transfer authority contained in existing law. Should world conditions alter in a way to make this authority inadequate to meet the danger, the committee of conference agreed the matter of wider transfer authority should be reexamined.

SUSPENSION OF ASSISTANCE TO CERTAIN COUNTRIES (SEC. 401(a))

The House bill added a new section 503(b) which provided that if a nation expropriates or confiscates property of U.S. citizens and falls within 6 months of such action to take steps determined by the President to be appropriate to discharge its obligations under international law, the President shall withhold assistance from such nation. The Senate amendment contained a new section 552 providing that whenever the President determines that any recipient country is engaged in the taking of property owned by the United States or its nationals he shall suspend assistance until the country is no longer so engaged and adequate compensation has been made.

The committee of conference agreed upon substitute language, added as a new section 503(b). The President is given authority to determine (1) whether nationalization or expropriation of property of U.S. citizens has occurred and (2) the adequacy of steps taken by the offending government to discharge its obligations under international law. Should the President not be satisfied with measures taken by the offending government to take corrective action, he shall suspend assistance given under any program in the Mutual Security Act unless he determines such suspension of assistance to be inconsistent with our national interest. This section is applicable only to acts of nationalization or expropriation that take place after the enactment of the Mutual Security Act of 1959.

REDUCTION OF DEFENSE SUPPORT AND SPECIAL ASSISTANCE (SEC. 401(a))

The House bill added a new section 503(c) which specifies that the President shall include in his recommendations to the Congress for the fiscal year 1961 mutual security program a detailed plan for each country receiving bilateral grant assistance under defense support and special assistance whereby such assistance shall be progressively reduced. The Senate amendment contained identical language except that it provided not only for the progressive reduction but for the elimination of such grant assistance.

The Senate receded and accepted the House language with two amendments. The word "terminated" was substituted for "eliminated". The words "wherever practicable" were included. The latter amendment gives recognition to the fact that reduction of the grant aid will be made consistent with the foreign policy objectives of the United States. It is the expectation of the committee of conference that the President and the administrators of the program will give constant surveillance to the economic development of aid recipients and will report to the Congress those countries that have achieved a degree of economic viability that will permit the termination of further assistance.

As understood by the committee, each country plan should include the basic objectives being sought through the furnish-

ing of economic assistance to that country, the progress to date toward achieving those objectives, and, so far as practicable, plans and forecasts as to future assistance and other measures required in furtherance of these objectives and as to future reduction and eventual termination of economic assistance as these objectives are approached and ultimately achieved.

As indicated above, the controlling consideration in the preparation of these plans is to be the foreign policy and other national aims of the United States. The committee feels that such plans are essential to assure that programs do not simply perpetuate themselves by limited planning from year to year, but that they have definite goals toward which they are directed and toward which progress can be measured.

FURNISHING OF INDUSTRIAL EQUIPMENT (SEC. 401(b))

The Senate amendment added a new section 504(d) to the Mutual Security Act, authorizing an appropriation of not to exceed \$2.5 million to make available to foreign small-business concerns in underdeveloped countries machine tools and industrial equipment owned by agencies of the U.S. Government.

The House bill contained no provision on this subject.

The managers on the part of the House receded and agreed to a provision that authorizes the President to use an identical sum from the funds appropriated pursuant to section 451(b). This authorization is not intended to limit or alter existing authority to use excess property of government agencies under the Mutual Security Act.

DISPOSAL OF LOAN REPAYMENTS (SEC. 401(c))

The House bill amended section 505(b) to provide for the disposition of loan repayments under the Mutual Security Act in three ways. First, dollar repayments should be deposited into the Treasury. Second, foreign currency repayments would be sold to U.S. Government agencies for payment of their obligations abroad and the dollar reimbursements should be deposited into the Treasury. Third, foreign currency repayments not needed by U.S. Government agencies for payment of their obligations abroad should be credited to and be available for the purposes of the Development Loan Fund in amounts specified in appropriation acts. Foreign currencies made available to the Development Loan Fund under this section were to be in addition to the dollar funds authorized to be appropriated under section 203.

The Senate amendment amended section 505(b) to read the same as the House bill, except that (1) it provided that foreign currency repayments in excess of those necessary for the Fulbright educational exchange program might be sold to U.S. Government agencies for payment of their obligations abroad and (2) it did not require that amounts to be credited to the Development Loan Fund should be in amounts specified in appropriation acts.

The committee of conference arrived at a compromise by which the House accepted the Senate language relating to the availability of foreign currencies for the Fulbright educational exchange program and the Senate accepted the House language requiring that foreign currency repayments be credited to the Development Loan Fund in amounts specified in appropriation acts.

APPLICATION OF SECTION 517 TO DEVELOPMENT LOAN FUND (SEC. 401(c))

The House bill contained a provision extending the coverage of section 517 (Completion of Plans and Cost Estimates) of the act to the Development Loan Fund. The House provision also authorized the President to waive the requirements of section 517 insofar

as it might be applicable to any particular transaction under the Development Loan Fund provision. The Senate bill contained no similar provision. The committee of conference accepted the House amendment but deleted the provision authorizing the President to waive the applicability of section 517 to the Development Loan Fund. There is already adequate authority under existing legislation to enable the President to accomplish such a waiver. The requirement that section 517 also be applicable to the Development Loan Fund will help insure that the activities of the Development Loan Fund are conducted on a sound, businesslike basis.

COMPETITIVE BIDDING FOR CONSTRUCTION CONTRACTS (SEC. 401(e))

The House bill contained a provision requiring, with respect to programs covered by section 517, that to the maximum extent feasible all contracts for construction outside the United States should be made through competitive bidding.

The Senate bill did not contain a similar amendment.

The committee of conference adopted the House version with an amendment. Under the amendment it is provided that to the maximum extent practicable all contracts for construction outside the United States should be made on a competitive basis. Contracts financed with loans from the Development Loan Fund are exempted from the requirements of this provision since they will be in most instances handled by firms in foreign countries or agencies of foreign governments.

RESPONSIBILITIES OF CHIEF OF DIPLOMATIC MISSION (SEC. 401(f) (1))

The House bill amended section 523(b) to require the Chief of the Diplomatic Mission in each country to insure that recommendations concerning military assistance are coordinated with political and economic considerations and to accompany such recommendations with his own comments. The Senate amendment included identical language but added the final clause "if he so desires". The managers on the part of the House accepted the Senate language.

SUPERVISION AND DIRECTION OF THE MUTUAL SECURITY PROGRAM (SEC. 401(f) (2))

The Senate bill contained a provision amending section 523(c) so as to make the Secretary of State responsible for the continuous supervision and general direction of the mutual security program. This responsibility is to include the determination of whether there shall be a military assistance program for a country and the value of the program so that the programs are effectively integrated both at home and abroad. The House bill did not contain a similar provision.

The managers on the part of the House accepted the Senate amendment since the provision is intended to clarify the relationships among the various agencies administering the mutual security program.

SUPERGRADE POSITIONS (SEC. 401(g))

The House bill authorized an increase from 20 to 25 in the number of positions that may be compensated at a rate higher than that paid for grade 15. The Senate amendment authorized an increase from 20 to 35. The committee of conference agreed on an increase from 20 to 30—a total of 10. The allocation of these positions will be determined by the Under Secretary of State in his capacity as coordinator of the program. The increased authority to obtain high-level personnel should result in improved coordination, direction, and administration of the program.

APPOINTMENT OF OVERSEA PERSONNEL

The committee of conference agreed to the deletion of the House language (sec. 401(g))

(2)) added to section 527(c) that required, to the maximum feasible, the appointment of ICA overseas personnel in accordance with the civil-service laws. ICA is already making maximum use of civil-service facilities as a source of candidates for overseas posts. In accordance with existing law, ICA uses the provisions of the Foreign Service Act in appointing its overseas personnel. The imposition of civil-service requirements would create a dual personnel system with attendant administrative difficulties. In agreeing to the deletion of the House language the committee of conference is desirous that the Director of ICA continue to work in close cooperation with the Civil Service Commission in order that the facilities of the Commission may be fully utilized in recruiting capable individuals for overseas assignment.

OFFICE OF INSPECTOR GENERAL AND COMPTROLLER (SEC. 401(h))

The House bill added a new section 533A which established within the Department of State an Office of Inspector General and Comptroller reporting directly to an Under Secretary of State. It transferred to the Inspector General and Comptroller certain functions now being carried out within the International Cooperation Administration and set forth the duties to be performed.

The Senate amendment contained no provision dealing with this matter.

The committee of conference accepted the House provision with a number of amendments intended primarily to make more specific and clarify the language of the House bill. These include a provision that the Inspector General and Comptroller should be appointed by the Secretary of State rather than the Under Secretary of State, and setting his salary at a specific figure of \$19,000 per annum. In addition, the House provision was modified to specify more precisely the relationship between the Office of Inspector General and Comptroller and the General Accounting Office.

The committee of conference gave particular consideration to the relationship to be established between the Inspector General and Comptroller and the Department of Defense with regard to the military assistance program. Section 524 of the Mutual Security Act specifically assigns a wide range of responsibilities for operating the military assistance program to the Secretary of Defense. In the Department of Defense and in each of the military services there is a well staffed comptroller organization headed by an Assistant Secretary.

Under the circumstances, it is desirable that the Inspector General and Comptroller should not set up an organization to duplicate the work being done within the Military Establishments or intervene in the carrying out by the Secretary of Defense of responsibilities assigned to him by law.

At the same time, impressive evidence has been presented of shortcomings in the administration and control of the military assistance program in a number of countries. These shortcomings have been attributable, at least in part, to the fact that existing Defense Department control procedures are adapted primarily to the requirements of U.S. military programs rather than to the special situations which exist in carrying out military assistance operations.

The committee of conference is convinced that it is essential that there be an independent review and approval of military assistance administration and control by an official outside the Defense Department hierarchy but at the same time having responsibility to see that the mutual security program works effectively. The language of the House bill was revised to make clear that while the Inspector General and Comptroller would have authority to establish financial controls and auditing procedures as well as

to initiate and carry out other operations relating to the mutual security programs for which the Secretary of State is responsible, his authority with respect to military assistance operations for which the Secretary of Defense is responsible will be that of investigating, reviewing, approving, recommending, and consulting.

The Secretary of State under section 523 of the Mutual Security Act is given overall responsibility for seeing that the military assistance program is effectively carried out and integrated with the other programs. Whenever the Inspector General and Comptroller finds evidence that military assistance is not effective in its results or is not properly administered, his ultimate recourse will be to the Secretary of State through the Under Secretary of State to whom he is directly responsible. If a proper cooperative relationship between the Defense Department and the Inspector General and Comptroller is established, based on recognition and respect for their respective authority and responsibilities, it is expected that remedial action will be taken as a result of informal consultation at lower echelons.

The most serious questions in the minds of the Congress and the public today concerning the mutual security program no longer relate to whether or not the program should exist, but to whether it is being or can be effectively administered. The Inspector General and Comptroller can and should do much to provide reassurance on this subject. He can do his job only if he is fully informed of the facts and if the various operating officials do what they can to facilitate his work.

MISSION DIRECTOR CARS (SEC. 401(j)(1))

The House bill contained no provision on this subject. The Senate amendment amended section 537(a)(5) to increase from \$3,300 to \$3,800 the ceiling price applicable to the purchase of official vehicles for use by directors of U.S. operations missions abroad. The committee of conference agreed to \$3,500 as a ceiling price. This increase is not intended to provide cars better than those now provided. It merely reflects the increased price of vehicles over the past several years.

REPORT ON DEFENSE SUPPORT AND SPECIAL ASSISTANCE (SEC. 401(j)(3))

The House bill contained a provision amending section 537(f) of the act to require the submission during the annual presentation to the Congress of a detailed report on defense support and special assistance to be furnished to each country. The provision required that the report contain (1) an explanation of the proposed level of aid for each country including a listing of all significant factors considered in determining such level, and (2) with respect to defense support, an explanation of the force objectives toward the support of which defense support was proposed to be furnished in each country, including the method by which such force objectives were arrived at.

The Senate bill contained a substantially similar provision except that with respect to defense support countries the report was to contain an explanation of the determination of the particular level of forces to be supported by the proposed request for military assistance in each country, including the factors considered in arriving at each country determination.

The committee of conference accepted the Senate amendment except that amendments were added requiring that the reports should also show the methods used as well as the factors considered in determining the level of aid for each country and in determining the request for authorization and appropriation for military assistance in defense support countries.

The provision adopted by the committee of conference is intended to insure that the appropriate committees of the Congress receive full, detailed, and adequate material in support of the executive branch request for authorization and appropriation. This provision should facilitate the examination of the executive branch request and should insure a broader understanding of the purposes of the mutual security program.

INFORMATION POLICY (SEC. 401(m))

The Senate amendment added a new section 550 which requires the President to make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States. The managers on the part of the House receded and accepted the Senate language. The committee of conference noted that the only specific limitation to disclosure was that which affects security. The committee also acted on the understanding that this provision was not intended to override or repeal, with respect to the mutual security program, statutes enacted by Congress which expressly prohibit or regulate the disclosure by the executive branch of specific types of information, for example, trade secrets obtained in confidence from business firms.

LIMITATION ON USE OF THE PRESIDENT'S SPECIAL AUTHORITIES (SEC. 401(m))

The Senate amendment added a new section 551 which prohibits the President from using his special authorities under sections 403, 451, and 501 to augment appropriations for administrative expenses made under sections 408, 411(b), and 411(c). The House bill contained no comparable provision. The managers on the part of the House accepted the Senate amendment.

Administrative funds for carrying out the mutual security program are specifically authorized and appropriated after a complete justification. There have been several instances where these funds have been augmented by a transfer of money from program activities. The language adopted by the committee of conference is intended to terminate this practice.

INTERNATIONAL COOPERATION IN HEALTH (SEC. 501)

The House bill contained an affirmation of U.S. policy to accelerate its efforts to encourage and support international programs for the conquest of diseases and other health deficiencies. The Senate amendment affirmed the same policy and, in addition, authorized the use of mutual security funds, other than those for military assistance and the Development Loan Fund, to undertake projects to determine the feasibility of programs for eradication of diseases of international importance and authorized an appropriation of an additional \$2 million for this purpose.

The committee of conference deleted the language permitting the financing of this program from other mutual security funds and the separate authorization of \$2 million. In lieu thereof the committee adopted language that authorized the use of \$2 million from funds appropriated pursuant to section 451(b). This language is not intended to limit or alter existing authority in the act for assistance in the fields of health.

CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST (SECS. 601-603)

Chapter VI (secs. 601-603) of the Senate bill provided that, in order to promote better understanding between the peoples of the Far East and the United States, the Secretary of State should present a plan to Congress for the establishment in Hawaii of a Center, to be called the "Center for Cultural and Technical Interchange Between East and West," where students, scholars, and tech-

nicians from the East and West could meet and cooperate. The Senate amendment called for the submission to Congress on or before January 3, 1960, of a plan and program which shall provide for—

1. the establishment and operation in Hawaii of the Center through arrangements to be made with public educational or other nonprofit institutions;
2. grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and West;
3. grants, scholarships, and other payments to qualified candidates for study at the Center from both East and West; and
4. making the facilities of the Center available for study to other qualified persons on a reasonable basis.

Provision is also made for such appropriations as may be necessary to carry out the provisions of the chapter.

The managers on the part of the House accepted the Senate amendment with the deletion of the words "which shall provide." The language agreed upon is intended to give greater scope to those preparing the plan and program. It is understood that in submitting the plan the Secretary of State may also inform the Congress as to the feasibility and desirability of the entire program envisioned by the Senate amendment.

Hawaii is the crossroads of the East and the West. Here the cultures of Asia and of Europe and of the Americas have met and have learned to live together. Consequently, it is most appropriate that a center such as this should be established in Hawaii where cooperation has been the rule for many years.

Such a center can do much to break down barriers between the East and West and encourage cooperation. Thereby, international tensions will be reduced, and the chances for world peace will be enhanced. The bringing together of scholars and technicians from the East and West will increase human understanding, will facilitate the development of technical knowledge in the East, and will reduce friction between the areas.

AMENDMENT TO FOREIGN SERVICE ACT (SEC. 701(b))

The managers on the part of the House accepted the language in the Senate amendment. That language amends section 522 of the Foreign Service Act to permit the appointment or assignment of any Foreign Service Reserve officer to be extended for not more than an additional 5 years without regard to the 5-year limitation in section 527. This language will make it possible to keep in service Reserve officers who are occupying essential positions and who, by reason of training and experience, would be difficult to replace in key overseas assignments.

INFORMATIONAL MEDIA GUARANTEES (SEC. 701(c))

The Senate amendment, in section 703, made a technical amendment to the United States Information and Educational Exchange Act of 1948. That act today provides, by cross reference to section 413(b) of the Mutual Security Act of 1954, that informational media guarantees shall be made for the purposes specified in such section 413(b). In view of the amendments made to section 413(b) by the conference, limiting the mutual security investment guarantee program to underdeveloped countries, it is necessary to make corrective changes in the United States Information and Educational Exchange Act of 1948 to permit the informational media guarantee programs under that act to continue under the same authority as they have in the past. The House managers, therefore, accepted the Senate version.

USE OF FOREIGN CURRENCIES FOR SCIENCE AND RESEARCH (SEC. 701(d))

The House bill (sec. 401(a)(1)) added a new section 502(c) designed to permit the use of foreign currencies available to the United States under the Mutual Security Act or any other act for science and research in amounts specified in appropriation acts. The Senate amendment contained language amending section 104(k) of Public Law 480 to change the technical form of appropriations control over the use of Public Law 480 foreign currencies. The committee of conference accepted the Senate language with an amendment to incorporate one of the purposes of the House language; namely, by including research activities, to broaden the purposes for which foreign currencies under this section may be used. The committee of conference is agreed that foreign currencies available to the United States under any act should be utilized more fully to make available to U.S. scientists and researchers the findings of their foreign counterparts.

EXPENSES OF ANNUAL MEETING OF NATO PARLIAMENTARY CONFERENCE (SEC. 702)

The committee of conference agreed to the language in the Senate amendment authorizing an appropriation of \$100,000 to meet the expenses of the United States in connection with the meeting in Washington next November of the NATO Parliamentary Conference.

House Concurrent Resolution 34 of the 86th Congress extended an invitation to the Conference. The amount of \$100,000 will permit the United States, as hosts to the Parliamentarians, to cover the expenses for simultaneous translation, reproduction of documents and working papers, reporting services, office equipment and other necessary facilities to make the meeting a success.

WORLD REFUGEE YEAR (SEC. 703)

The Senate amendment authorized an appropriation of \$10 million for U.S. participation in the World Refugee Year to be used for assistance to refugee groups throughout the world. The House bill contained no provision on this subject. The managers on the part of the House accepted the Senate language with an amendment that deletes the separate authorization of an appropriation. Instead the use of \$10 million from funds appropriated pursuant to section 451(b) is authorized for this purpose.

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
ROBERT B. CHIPERFIELD,
WALTER H. JUDD,

Managers on the Part of the House.

CORRECTION OF ROLL CALL

Mr. LEVERING. Mr. Speaker, on roll-call No. 3, on February 4, 1959, I was recorded as being absent. I was present and answered to my name. I ask unanimous consent that the permanent RECORD and the Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

FINANCING THE HIGHWAY BUILDING PROGRAM

(Mrs. KEE asked and was given permission to address the House for 1 minute.)

Mrs. KEE. Mr. Speaker, before this session of Congress ends, a decision must be made concerning the future financ-

ing of our Federal interstate highway building program.

The administration has proposed increasing the Federal excise tax on gasoline, aviation, fuel, and diesel fuel as a means for raising sufficient additional revenue to continue the urgently needed road building program at the present level.

Mr. Speaker, I am unalterably opposed to increasing the gasoline tax 1½ cents per gallon as proposed by the administration.

In the first place, the gasoline tax has been historically regarded as the province of the States. The States rely upon a gasoline tax as the primary source of revenue for highway building and maintenance. A further increase in the Federal tax will close this tax door to the States.

In addition, Mr. Speaker, many States have just recently approved increases in State gasoline taxes. West Virginia reluctantly voted such an increase. To ask the people of West Virginia to face a second increase within a year is a step which I cannot support.

The Governors of more than 30 States oppose an increase in the Federal gasoline tax. I trust the House Ways and Means Committee will keep this fact in mind when hearings on the proposal open this week.

Other methods of financing the highway building program are available to the Government. West Virginia is one of the many States which subscribe to the principle that highway users taxes should be used for highway purposes and in 1942 such a principle became a part of our State constitution.

Observance of this principle on the Federal level would erase any need for new taxes on motorists.

COMMITTEE ON BANKING AND CURRENCY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight tonight to file a report on H.R. 8305.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

GIFTS TO GENERALS OF THE ARMY BY FOREIGN GOVERNMENTS

(Mr. GROSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, I notice on the Private Calendar, to come up in a few minutes, a bill out of the Committee on Foreign Affairs to authorize certain generals of the Army to accept and wear decorations, orders, medals, presents, and other things tendered them by foreign governments.

Since it is impossible to ask any questions concerning bills on the Private Calendar, I wonder if anyone can tell me what the "other things" are that these generals would be authorized to accept

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of July 22, 1959
86th-1st, No. 123

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HIGHLIGHTS: Both Houses agreed to conference report on mutual security authorization bill. Sen. Stennis urged increased funds for forest research.

HOUSE

1. MUTUAL SECURITY. Both Houses agreed to the conference report on H. R. 7500, the mutual security authorization bill for 1959 (pp. 12771-82, 12748-57). This bill will now be sent to the President. (See Digest 122 for items of interest to this Department.) In response to a question by Sen. Cooper as to whether the authorization on the bill for making surplus commodities available for domestic relief "makes it clear that the Department of Agriculture can make available for our domestic relief program, and for the school lunch program, surplus food which it holds, without waiting for some sale for foreign currency," Sen. Fulbright stated that "It is my belief, and that of the staff and the conferees, that the provision as finally adopted does provide the authority to do that ... We were afraid that if it were made mandatory, the orderly administration of the program might be interrupted, if it became necessary to check every area in the United States before the foods could be made available for export.

But it is very clear that under any reasonable, sensible administration, the foods will be made available to the domestic programs" (p. 12757).

2. MINERALS. The Interior and Insular Affairs Committee reported with amendment H. R. 6940, to amend the Mineral Leasing Act of 1920 in order to increase certain acreage limitations with respect to Alaska (H. Rept. 699). p. 12792
3. LANDS. The Agriculture Committee reported with amendment H. R. 4697, to provide for the conveyance of certain interests to Clemson Agricultural College in lands previously conveyed to the College (H. Rept. 697). p. 12792
4. FOREIGN AFFAIRS. The Rules Committee reported a resolution for consideration of H. R. 7072, to provide for U. S. participation in the Inter-American Development Bank. p. 12792
5. ELECTRIFICATION. The Rules Committee reported a resolution "agreeing to the Senate amendments to H. R. 3460," to amend the TVA Act of 1933 so as to provide for the issuance of revenue bonds by TVA to finance additions to its power system. p. 12792
6. PURCHASING. The Interstate and Foreign Commerce Committee voted to report (but did not actually report) H. R. 1341, to require passenger-carrying vehicles purchased for use by the Federal Government to meet certain safety standards. p. D646
7. INDEPENDENT OFFICES APPROPRIATION BILL, 1960. Conferees were granted permission until midnight Wed., July 22, to file a report on this bill, H. R. 7040. p. 12783
8. FOREIGN AFFAIRS; SURPLUS FOODS. Reps. Edmondson and Boland urged adoption of proposals "to establish from our mothballed Navy a new White Fleet of mercy ships, to carry American surplus foods, medical aid and supplies to disaster and distress areas all over the world." p. 12786
9. AREA REDEVELOPMENT. Rep. Carnahan urged the enactment of area redevelopment legislation to provide Federal assistance to industrial and rural areas, particularly as a means of supplementing the income of low-income farmers. pp. 12787-8

SENATE

10. FORESTRY. Sen. Stennis urged increased appropriations for forestry research, stating, "I have recommended that \$2.5 million be made available immediately for the construction of several key laboratories ... to replace the makeshift facilities now being used in some places," and proposing an "immediate increase of one-half million dollars for strengthening a few of the most critical basic research programs in such fields as insect and disease research, watershed management, wildlife habitat and recreation, and timber marketing research," and announcing his intention to try to get funds included in the supplemental appropriation bill for these purposes. pp. 12737-8
Sen. Fulbright explained that "millions of acres" of land in Arkansas are being blighted by brush which precludes the healthy growing of grass and merchantable timber, stated that a research project between Forest Service and the University of Arkansas has been proposed to look into methods of controlling this scrub timber, and inserted his letter, a letter from Under Secretary Morse, and an article on the subject. pp. 12579-60

House of Representatives

WEDNESDAY, JULY 22, 1959

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalm 23: 6: *Surely goodness and mercy shall follow me all the days of my life.*

Almighty God, of whose bounty we have all received and whose mercies cannot be numbered, may we ever be mindful of the attendant responsibility to prove worthy stewards of Thy manifold blessings.

Grant that through the miracle and ministry of Thy grace and goodness we may be inspired to be more sensitive in our sympathies and more responsive to the needs of the less fortunate members of the human family.

May our longings and labors for the welfare of mankind be an earnest of our love toward Thee and a manifestation of our gratitude for the gift of Thy Son, our Saviour, with whom Thou hast freely given us all things.

In His name we offer our prayer. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed a bill of the following title, in which concurrence of the House is requested:

S. 1138. An act to provide readjustment assistance to veterans who serve in the Armed Forces between January 31, 1955, and July 1, 1963.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. CARLSON, members of the Joint Select Committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the U.S. Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 60-1.

FEASIBILITY OF ESTABLISHING THE PRESIDENT ADAMS PARKWAY

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill (H.R. 7125) to provide for a study of the feasibility

of establishing the President Adams Parkway.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

MUTUAL SECURITY ACT OF 1959

Mr. MORGAN. Mr. Speaker, I call up the conference report on the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of July 21, 1959.)

Mr. MORGAN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, the conferees bring back to the House a bill which represents a compromise between a bill that passed the House and a Senate bill which differed from it in some 57 instances, a number of which were of major importance. The money differences between the two bills this year were relatively less important, and the differences with respect to the relationship of the two bills to our foreign policy and to congressional control over the mutual security program were of relative large importance.

Let me make clear at the very beginning that this bill contains no authority to use foreign currencies without appropriation nor does it authorize any back door approach to the Treasury. The House conferees kept in mind the rules of the House and the sentiment prevailing in the House on these matters, and were careful that no such provisions were included.

It is difficult to make a meaningful comparison of the total dollar authorizations in the two bills. This is true because the bill as it passed the Senate included an authorization for 2 years for the Development Loan Fund and a continuing authorization for the military assistance program.

No funds after fiscal 1960 were authorized in the bill that passed the House. The total of the authorizations for fiscal year 1960 approved by the House was \$3,542,600,000 and the total of the authorizations approved by the Senate was

\$3,543,320,000—a difference of only \$720,000. The conference agreed to authorizations for fiscal 1960 of a total of \$3,556,200,000, which is \$353,200,000 less than the Executive request, and is \$13,600,000 more than the authorization approved by the House.

I feel sure that an examination of the detailed authorizations included in the bill will satisfy the House membership that the interests of the House have been adequately protected. It might be of interest to note that in 1956 the House conferees brought back an authorization which was \$360,100,000 larger than the amount originally approved by the House; in 1957 the authorization approved by the conference was \$250,250,000 higher than the authorization included in the House bill; last year the conference agreed to an aggregate authorization which was \$72,500,000 above the bill approved by the House. I think everyone will recognize that we have done pretty well this year.

As I said a moment ago, the major problems which confronted the House conferees involved matters of congressional practice and congressional control, as well as major aspects of our foreign policy.

The Senate bill included an authorization to transfer up to 30 percent of military assistance funds to economic assistance. The House had made its position very clear to the House conferees during the consideration of the bill on the House floor, and we gave this issue top priority. I am glad to be able to report that the Senate receded with respect to this provision.

Another major issue with which the conference was confronted involved the continuing authorization for military assistance. The Senate bill included such an authorization, which was supported by the executive branch. The Draper Commission, as you know, had recommended only a couple of weeks ago that military assistance be authorized on a continuing basis, and the Senate held very strongly to its position on this matter. After prolonged discussion, a compromise was agreed to by which, after the current fiscal year, such funds are authorized for military assistance as may be required for fiscal year 1961 and fiscal year 1962. After this 2-year period, further authorization will be necessary. It is the belief of the House conferees that this 2-year period should be regarded as experimental in nature and that the House will have an opportunity to observe the consequences of this type of authorization before reaching a final determination.

The conference faced a major issue also in the case of the authorization for the Development Loan Fund. The Senate bill authorized \$2 billion for a 2-year

period with the provision that \$750 million could be advanced to the Fund in fiscal 1960 and the remaining \$1,250 million could be advanced during fiscal 1961. We were able to arrive at a compromise, which held the fiscal 1960 authorization to \$700 million—the figure approved by the House—and provided an authorization for fiscal 1961 of \$1,100 million. This involved an overall reduction from the Senate figure of \$200 million. This was the best that we were able to do, and I believe it is a reasonable arrangement considering the situation which exists in the Senate and supported by the Executive.

There were two provisions of the Senate bill which had major implications to our foreign policy. The first was a requirement that \$893,750,000 of the funds authorized for military assistance had to be used to provide assistance to the NATO countries. Had this requirement prevailed, it would have made necessary a cut of 43 percent in military assistance to the non-NATO nations. I firmly believe that a cut of this magnitude in the assistance to the countries outside NATO would have seriously impaired our relations with other nations and would have been dangerous to our national security. I am glad to be able to report that the Senate receded on this point and the requirement that a specified amount of military assistance money should go to the NATO countries was completely eliminated.

The other important foreign policy problem presented by the Senate bill involved the requirement that \$31,500,000 of military assistance for Latin America had to be used either for assistance to a military force organized and directed by the Organization of American States or, if not so used, could be used only to provide economic assistance to Latin American countries. In this case the Organization of American States had no plans, no authority or no desire to create such a military force, and the result would inevitably have been that the money would have been diverted from military assistance to economic assistance. I am glad to be able to report that the House conferees were successful in their opposition to this provision and that this was deleted from the bill.

It gives me great personal satisfaction to be able to inform the House that the provision contained in the House bill for the setting up of an Inspector General and Comptroller to supervise the operation of the mutual security program was accepted by the Senate. I believe that this provision will make a major contribution to tightening up the administration of the mutual security program and to improving its effectiveness. We worked very hard in conference to secure the approval of the Senate conferees to this provision and feel great satisfaction that we were successful.

With regard to other provisions of the bill, we compromised on what seems to me to be on the whole a 50-50 basis. It was necessary for the House to recede completely with respect to some amendments and the Senate to recede completely with respect to others. Most differences were resolved by the adoption of

compromise language. I do not believe that we receded on any matter which will handicap the United States in the conduct of its foreign relations or which involves the policies or precedents of the House. In any conference it is necessary to give and take in order to reach agreement. I believe that the managers on the part of the House have done a good job, and I urge that the conference report be adopted.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Pennsylvania.

Mr. WALTER. Mr. Speaker, I am gratified by the splendid assistance, those of us who are interested in the surplus population problem received from the distinguished chairman of the Committee on Foreign Affairs and his colleagues, who participated in the conference on this legislation in obtaining a clear and unequivocal statement regarding the availability of counterpart funds for land resettlement programs in Latin America. We are hopeful that the administration will now be guided in their negotiations with some of our Latin American neighbors by the findings and recommendations of the conferees.

For the purpose of further clarification of the RECORD, I request unanimous consent to include at this point copies of my correspondence on this subject with the Acting Secretary of State, Mr. C. Douglas Dillon.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The matter referred to follows:

JULY 10, 1959.

Hon. C. DOUGLAS DILLON,
Undersecretary of State,
Department of State,
Washington, D.C.

DEAR MR. DILLON: You are aware, of course, of the fact that the House of Representatives has included in the mutual security bill (H.R. 7500) section 205(a)(3) authorizing the use of counterpart funds for the financing of land settlement projects defined in section 400(b)(C) of the Mutual Security Act of 1954, as amended.

This provision was originally submitted to the House Committee on Foreign Affairs by myself after it has been repeatedly indicated to me in the course of negotiations leading to the granting by the Development Loan Fund of certain loans (in U.S. dollars) designed to assist in the development of such projects in Latin America, that existing law does not authorize the use of foreign currency accruing either under the Mutual Security Act or under the Agricultural Trade Development and Assistance Act (Public Law 480 of the 83d Congress).

Having made an effort to have the Senate include in their companion bill the provision approved by the House, I am now informed by the Senate Committee on Foreign Relations that according to comments received by that committee from the executive branch, the House provision is not deemed to be necessary in view of the fact that "the President presently has authority to make loans for land resettlement purposes without regard to section 1415 (of the Supplemental Appropriations Act of 1953) from foreign currencies accruing" under either of the above cited acts. I am further informed that according to the opinion of the executive branch, "neither of these authorities is subject to the requirement that foreign cur-

rencies for such loans be authorized from time to time in appropriation acts." Consequently, according to the Committee on Foreign Relations of the Senate, the present statutory authority is sufficient to make foreign currencies available for loans to finance land settlement projects determined to promote economic development of certain Latin American countries as defined in clause (C) of subsection (b) of section 400, supra.

The purpose of this letter is to obtain from you a definitive determination whether or not the views attributed to the executive branch in the Senate committee's analysis of the Mutual Security Act of 1959 reflect the official findings of the administration and whether you are of the opinion that existing law contains sufficient authority for the granting of foreign currency loans for the above defined land settlement projects.

In view of the fact that the House-Senate conference committee on the Mutual Security Act of 1959 is expected to begin their work within the next few days, your early attention to this request would be very much appreciated.

Sincerely yours,

FRANCIS E. WALTER,
Chairman.

DEPARTMENT OF STATE,
Washington, July 15, 1959.

The Honorable FRANCIS E. WALTER,
Chairman, Subcommittee No. 1, Committee
on the Judiciary, House of Representatives.

DEAR MR. CHAIRMAN: In your letter of July 10, 1959, you asked me to confirm information you have received from the Senate Committee on Foreign Relations concerning comments supplied to it by the executive branch regarding section 205(a)(3) of H.R. 7500 authorizing the use of counterpart funds for financing certain land settlement projects.

I can confirm that the expressions quoted in the third paragraph of your letter do represent the views of the executive branch. These views are stated as follows in the position paper on this matter provided by the executive branch to the conferees on the mutual security authorizing bill:

"The President presently has authority to make loans for land resettlement purposes without regard to section 1415 of the Supplemental Appropriation Act, 1953, from foreign currencies accruing under section 402 of the Mutual Security Act and under Public Law 480 when such loans are determined to promote economic development under section 104(g) of Public Law 480. Neither of these authorities is subject to the requirement that foreign currencies for such loans be specified from time to time in appropriation acts.

If the intent of this amendment, apart from its effect, is to provide additional authority to assist land resettlement programs in Latin America, on the assumption that the present authorities for such assistance were inadequate, the fact is, as indicated above, that the existing authorities are already adequate for this purpose and therefore such an amendment would be unnecessary."

I am enclosing a copy of this position for your convenience.

Sincerely yours,

Acting Secretary.

Mr. MORGAN. I am sure that there is spelled out in the statement of the managers on the part of the House protective language that will satisfy the gentleman from Pennsylvania, on this matter that I know he has been deeply interested in for a great many years.

Mr. GARY. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Virginia.

Mr. GARY. Is it true that this bill as now presented by the conferees has eliminated all so-called back door approaches to the Treasury, such as permitting the organizations to borrow directly from the Treasury rather than to go through the appropriation processes?

Mr. MORGAN. That is correct.

Mr. GARY. All of the appropriations are now required to go through the regular appropriation processes?

Mr. MORGAN. All of the appropriations are now required to go through the Committee on Appropriations.

Mr. GARY. It is not a question of going through the Committee on Appropriations, but a question of using the appropriation processes so that they will be acted upon by the Congress.

Mr. MORGAN. They all go through that process.

Mr. GARY. I thank the gentleman.

Mr. PASSMAN. Mr. Speaker, will the distinguished Chairman yield?

Mr. MORGAN. I yield to the gentleman from Louisiana.

Mr. PASSMAN. I observe, on page 8, the following: "Of the funds appropriated pursuant to section 451(b) of this act."

That is for the small business organization within the program. The language would indicate that the \$2,500,000 requested would come out of the President's contingent fund; is that correct?

Mr. MORGAN. That is correct.

Mr. PASSMAN. Then, as we go over to page 12 there is a new organization, International Cooperation in Health. Is that not a new section in the bill?

Mr. MORGAN. Did the gentleman say on page 12?

Mr. PASSMAN. The item starts on page 11.

Mr. MORGAN. Again, that money would come out of the contingency fund if the President felt he wanted to use it.

Mr. PASSMAN. But under the present legislation, the gentleman is not asking for an appropriation for this, so it would naturally come out of the contingency fund, and it so states.

Mr. MORGAN. We are not making any separate authorization for the International Cooperation in Health program.

Mr. PASSMAN. Then, on page 14, we find "United States participation in World Refugee Year." That is a new item or section of the bill, is it not?

Mr. MORGAN. That is a new item.

Mr. PASSMAN. And the money for that also comes out of the President's contingency fund?

Mr. MORGAN. Again, that is in section 451(b), which is the contingency fund.

Mr. PASSMAN. In that connection, this legislation would set up a new organization, for which the future expense could be very substantial. If you get them started out of the contingent fund, then in the future they could come in for a regular appropriation, and it is impossible at this time to determine what the cost would be; is it not?

Mr. MORGAN. Well, we are now participating in a number of international

refugee organizations. This does not involve any new organization that I know of.

Mr. PASSMAN. How about the small business section and the health organization?

Mr. MORGAN. These amendments were put in by the other body. They had testimony that our own Government agencies had a large surplus of machine tools. They felt very strongly about the amendment. I think the House by eliminating the separate authorizations and incorporating them in section 451(b) was a victory for the House.

Mr. PASSMAN. In both of these instances, there is being set up, in effect, two new organizations and in future years the cost of operating the program could be many, many times the amount requested this year; is that not so?

Mr. MORGAN. I do not believe any new organization is necessarily involved, some new operations may result. The international health organization and the world refugee organizations are not new.

Mr. PASSMAN. How about the international health organization and this proposed organization that you would set up in Hawaii, the cultural program?

Mr. MORGAN. There is no money in section 451(b) for that.

Mr. PASSMAN. I would like to ask a further question, if the distinguished chairman will yield.

Is this not true: Are these items, items that you propose to finance out of the contingent fund. From our experience of what has happened in the past, the executive to a very large extent has nullified acts of Congress by reinstating the cuts that we have made in a program, because of this large contingent fund.

Mr. MORGAN. Well, you cannot make that interpretation because these provisions were not requested by the Executive and the Executive opposed putting them in the contingent fund.

Mr. PASSMAN. Is it not true, if I may ask this final question, that practically all the money that was spent last year out of the President's contingent fund went to offset cuts made in other programs by the Congress?

Mr. MORGAN. Of course, these programs are all subject to appropriation limitations, as the gentleman knows. The gentleman from Louisiana is the chairman of the appropriations subcommittee which can put limitations on expenditures for them.

Mr. PASSMAN. I just wanted to find out if the distinguished chairman understood that 80 percent of the contingent fund last year was used to offset cuts made by the Congress and the regular committees.

Mr. MORGAN. I have had no report on this matter since the Foreign Affairs Committee concluded its hearings on the mutual security bill.

Mr. PASSMAN. I thank the gentleman.

Mr. MORGAN. Mr. Speaker, I yield to the gentleman from Illinois [Mr. MASON] to make a unanimous consent request.

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my re-

marks in the Appendix of the RECORD on the subject that the bills S. 2014 and H.R. 7391 should not pass.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Speaker, I believe that the conference report on the Mutual Security Act of 1959 contains a reasonable and constructive compromise between the provisions approved by the House and those which originated in the other body.

The conference report cuts deeply into the request of the President—deeper, I would say, than some of us have considered advisable in view of the overall Communist threat. Further, it proposes to put into effect certain reforms intended to eliminate those abuses in the administration of our foreign aid program which were brought to light by the Committee on Foreign Affairs and by other sources. This legislation has been carefully drafted to safeguard our public interest. The reforms it proposes are sound and needed. I am pleased that they remain in the final version of this measure.

I sincerely hope that the conference report on the Mutual Security Act of 1959 will receive prompt and overwhelming approval of this House.

At this point, I would like to devote a few minutes to a discussion of an amendment to the Mutual Security Act of 1959 which I proposed in the Committee on Foreign Affairs, and which was adopted by the committee and approved by the House.

I am referring to the amendment to section 400(c) of the mutual security law, which authorizes the President to use foreign currencies, credited to the United States from the sale of our farm surplus commodities and under certain other programs, for medical research and treatment centers founded or sponsored abroad by American citizens. This amendment, in a clarified form, is included in the conference report.

I would like to begin with a brief background of this amendment.

Several months ago, I was invited to join a national committee organized for the purpose of realizing the construction, in Cracow, Poland, of a hospital for children's diseases. This committee, the American Research Hospital for Children in Poland Committee, includes a number of outstanding Americans.

Among them are the Honorable Averell Harriman, former Governor of the State of New York; Hon. Percival F. Brundage, former Director of the Bureau of the Budget; Hon. Harrison A. Williams, U.S. Senator from New Jersey; Hon. Walter H. Judd, Member of Congress from Minnesota; Mr. Norman Cousins, editor of Saturday Review; Mr. Gardner Cowles, publisher of Cowles magazines; Very Reverend Msgr. Aloysius J. Wycislo, assistant executive director of Catholic Relief Services; Dr. Earl N. Hillstrom, medical adviser to CARE; Dr. Stephen Miezwa, president of Kos-

ciuszko Foundations; Dr. Stanley J. G. Nowak, head of the medical committee, Polish Academy of Arts and Sciences; Mr. Richard W. Reuter, executive director of CARE; Mr. John H. Page, of the American Telephone & Telegraph Co.; Mr. John Richardson, Jr., of the firm of Paine, Webber, Jackson, & Curtis; and others.

Mr. Wladek O. Biernacki-Poray, member of the American Institute of Architects, serves as the secretary of the committee. His organization has prepared the designs for the proposed hospital, and he has expended considerable effort on behalf of this project.

Dr. Howard A. Rusk, director of physical rehabilitation at the New York Hospital, and associate editor of the New York Times, serves as a special consultant to the committee.

The project envisioned by the committee involves the construction of a research hospital in children's diseases, of approximately 200 beds, in Cracow, Poland. This hospital, made possible by private contributions and Polish zlotys credited to our Government, would serve as a living testimonial of the friendship of the people of the United States for the people of Poland. It would become a part of the Medical Academy of the University of Cracow, which university will celebrate its 600th anniversary in 1963. It is the fond hope of all interested persons that the project may be completed in time to be presented to the people of Poland during the Cracow University's 600th anniversary ceremonies.

The cost of this project has been estimated at approximately \$4 million. The American Research Hospital for Children in Poland Committee hopes to raise \$1.5 million through voluntary contributions in the United States. In addition, the equivalent of \$2.5 million in zlotys will be needed to pay for services, labor, and materials purchased in Poland.

This is a constructive and humanitarian project. The need for such medical facilities in Poland is extremely great. It is particularly pressing in Cracow, where even the passage of time and industrialization have done little to alleviate the tragic consequences and the ravages of war. The children in Poland are still suffering sickness and miseries of the postwar period, and, according to reports from reliable people who have surveyed the situation, medical facilities available to them are most inadequate.

What could be finer, more constructive, and more humanitarian on our part than to extend a helping hand to the suffering children of Poland by aiding in the construction of this proposed hospital? The bonds of friendship between the people of the United States and the people of Poland are of long standing. Sons of Poland fought for our freedom in the Revolutionary War, and Americans of Polish descent have contributed substantially, over the years, to the development of our continent, and to the economic and cultural progress of our Nation. Then, too, the people of Poland have long shared our love for liberty and democracy. To this very day, in spite of Communist domination, the people of

Poland retain their deep-seated respect for the ideals of freedom and independence which we cherish so greatly.

I fully concurred with the American Research Hospital for Children in Poland Committee that this project warrants and deserves the support and aid of our Government. I have already described the need for this hospital in children's diseases. Further, the sponsoring committee has been organized, the plans for the hospital prepared, and the cost has been estimated. The initial steps have been taken to raise through voluntary contributions, the dollars necessary to cover part of the expense. This is, therefore, a clearly outlined, positive, and going project.

The project does, however, need help, particularly with respect to the portion of construction expenses which will be incurred in Poland. Those expenses can be paid in zlotys, and will be equivalent to approximately \$2.5 million.

Several months ago, the Honorable FRANK THOMPSON, Jr., of New Jersey, prepared a draft of a bill to provide for Government assistance to this project. Legislation on this subject was subsequently introduced in the House of Representatives. This legislative proposal, in a modified form, became the core of the amendment which I offered to section 400(c) of the mutual security law.

Under my amendment, the President will be authorized to use foreign currencies credited to the United States, and appropriated from time to time, to aid medical research centers sponsored abroad by American citizens. It was my specific intent, endorsed by the Committee on Foreign Affairs, by the House of Representatives, and by the conferees on the mutual security bill of 1959, that the proposed research hospital for children's diseases in Cracow, Poland, be aided by our Government under the authority provided in this amendment.

I am particularly pleased that, under this amendment, we will be able to continue our efforts to use our farm surpluses in a constructive way. We have been trying to reduce those surpluses—which cost the American taxpayers an estimated million dollars a day in storage fees alone—for several years. By using foreign currency accrued from the sale of those surpluses to aid the construction of the children's hospital in Cracow, we will be turning our abundance of food into a blessing for the suffering children of Poland.

There is one last point that I want to make:

The type of assistance made available for the children's hospital in Cracow is fully consistent with the objectives of U.S. foreign policy. This assistance has the basic purpose of advancing better understanding and friendly relations between the people of the United States and the anti-Communist people of Poland. It is intended to demonstrate to the freedom loving peoples everywhere that the central objective of U.S. foreign policy is to foster the attainment of peace in the world, and to aid and assist others in their efforts to conquer disease and to improve their level of living.

Mr. Speaker, I am making this statement for the RECORD, so that the legislative history of my amendment to section 400(c) of the mutual security law may clearly indicate congressional intent to aid the proposed American Research Hospital for Children in Poland under the authority given the President in this provision.

Mr. McDOWELL. Mr. Speaker, as a member of the Foreign Affairs Committee of the House of Representatives I had the pleasure of supporting my colleague the gentleman from Wisconsin [Mr. ZABLOCKI], who offered the amendment to use foreign currencies, credited to the United States for our surplus farm products, to establish centers devoted to medical research and treatment which are founded by American citizens.

It seems to me that this is a historic and significant use for these currencies. It is particularly significant that one of the first hospitals which may be established pursuant to this legislation will be located in Cracow, Poland, because at this very moment Poland seems to be the object of a considerable amount of wooing on the part of the leaders of the U.S.S.R. Poland undoubtedly has been successful in freeing herself from complete and absolute domination and control by the U.S.S.R. just as Yugoslavia was successful in doing some years earlier. And a hospital there could play a major role in further loosening Poland from the web, indeed the shroud, which the U.S.S.R. is so busily weaving for the proud and history-conscious peoples of Poland who throughout history have fiercely resisted and fought against foreign masters.

It seems to me that here is indeed almost a revolutionary instrument for the cause of freedom which the United States can wield in the cause of mankind throughout the world.

Under this amendment, as has been pointed out by our able colleague from Wisconsin [Mr. ZABLOCKI], the President will be authorized to use foreign currencies credited to the United States, and appropriated from time to time, to aid medical research centers sponsored abroad by American citizens.

There is offered us, through this amendment, the golden opportunity to use our farm surpluses constructively in the cause of peace.

There is a growing awareness of the importance of using surplus food for peace, and what we as a nation can do to advance the cause of free men everywhere by this means.

We are blessed as no other nation has ever been through the long history of mankind with food in abundance.

What a blessing this is, and, at the same time, what a fearful responsibility it is to use it wisely and well.

No other nation in the world at this time has food in abundance and a surplus of food.

The U.S.S.R. is a food deficit nation, its vast and much-advertised agricultural program is well known to be an almost total flop.

Too few Americans appreciate the full sweep of the possibilities open to us to

use food for the peaceful purposes of mankind, and of the free world.

In introducing his so-called food for peace legislation for himself and 10 cosponsors, Senator HUBERT H. HUMPHREY declared that:

America's abundance of food and fiber is a God-given blessing * * * a powerful potential asset in the world's struggle for peace and freedom.

I joined with Senator HUMPHREY, the gentleman from South Dakota [Mr. McGOVERN] and the gentleman from Wisconsin [Mr. JOHNSON] in offering the legislation to use our surpluses, which are costing literally hundreds of millions of dollars just to store here at home, in the cause of peace and freedom.

The establishment of medical centers devoted to medical research and treatment which are founded by American citizens abroad is, in my view, one of the very best ways to use the surpluses we are shipping overseas.

More than three-fifths of these surplus commodities have been sold abroad for local currencies; 6½ percent was donated to foreign governments for emergency assistance; 19 percent has been donated for foreign and domestic relief through voluntary agencies and intergovernmental organizations; while 13 percent was bartered abroad for strategic materials.

Under Public Law 480 more than two-thirds of a billion dollars worth of food has been distributed abroad in 99 countries and territories under the auspices of nonprofit charitable organizations on a people-to-people basis. Last year, 24 organizations supervised the movement of these commodities, including the American Friends Service Committee, Church World Service, CARE and Catholic Relief Services.

The amendment offered by our colleague from Wisconsin [Mr. ZABLOCKI] will expand the opportunities which are open to our people to carry the healing services developed by science to the poor and afflicted peoples in countries around the world.

What more splendid and wonderful way can there be to carry the message of democracy to the troubled and the heavy-laden?

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from Florida [Mr. FASCELL].

Mr. FASCELL. Mr. Speaker, the House and Senate conferees on the mutual security bill have wisely agreed to include in the conference report on this measure a provision authorizing the creation of a center for cultural and technical interchange in Hawaii. The language incorporating this Senate amendment into the conference report on the mutual security bill are identical to a measure I introduced to accomplish this, H.R. 8274.

To add to the abundant contributions which Hawaii has already made to the economy of our Nation in peacetime and to the military defense of our Nation in wartime, the final passage of legislation early this year granting statehood to this bountiful area has provided our country with a new and challenging opportunity

to initiate an effective interchange of cultural and technical knowledge.

In its position at the crossroads of the Pacific, Hawaii has enjoyed and benefited from immediate contact with the people of Asia and the Western Hemisphere who have long held this area as a meeting place. It has assimilated the rich heritages of cultural tradition proffered by both the East and the West. The walls of misunderstanding and enmity have gradually been broken down and replaced with human relationships that abound in tolerance and appreciation of one for the other. Differences in background, culture and tradition have been utilized—rather than minimized—in developing a philosophy that has as its basis the importance of and necessity for diversity in the world's thinking.

This legislation which I was pleased to cosponsor, would give impetus to the free flow of information and exchange of ideas so urgently needed in our society today, by providing the physical means and facilities to attract and bring together scholars and students from the East and West. The specific plan to be developed and submitted to Congress next January by the Secretary of State will include data providing for the center through arrangements with public, educational and other nonprofit institutions. It will call for grants, fellowships and scholarships for students and scholars from both the East and West so that they may come together and engage in study at the center. The plan will also make the facilities of the center available to other qualified persons on a reasonable basis.

Secretary of State Herter has given this matter his personal endorsement and support, and upon passage of this legislation, is expected to proceed immediately with his Department's active participation in the project.

I commend the conferees for their farsightedness and wisdom in approving this legislation and hope it will receive the speedy and hearty support of all Members of this Congress.

Mr. MORGAN. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Speaker, I think that on the whole the House conferees did better in this conference than we probably had a right to expect in maintaining the House position. We can report that on all of the major issues except two, among the 50 some items of difference between the two bills, the view of the House prevailed; and on those two, we got a reasonable compromise.

The other body had in its bill a set-aside out of the military assistance of about \$900 million for NATO. This would have deprived the program of flexibility and would have weakened all the non-NATO areas greatly. We got them to recede on that and go more than half way in meeting our figure on the military assistance funds.

The other body also had a provision in its bill that would earmark \$30 million of the military assistance for Latin America which could be used only for assistance to an "international military

force under the control of the Organization of American States for the protection of American states against external aggression." If the funds were not used for that purpose, then they had to go into the special assistance account to promote economic development in Latin America. This seemed to us to be an unwise idea. Latin Americans have not expressed any desire to have any such Western Hemisphere armed force. How large a force would it be? How would it be constituted and organized? Where would it be stationed? Who would command it? Setting aside funds now for such a nonexistent force would not in our opinion improve the security of the Western Hemisphere. As for using the additional \$30 billion for economic assistance, only two Latin American countries need grant assistance, and they are taken care of in the present program. The others need loans, but they can get loans from existing loaning agencies. The other body receded and the conference report specifies that military assistance funds for Latin America for this year shall not exceed the amounts used for this purpose last year.

Again, they had an authorization in their bill that up to 30 percent of the funds in "Title I, Military Assistance," could be transferred by the President to other titles. This would mean that more than \$400 million could be transferred here or there as the President pleased. It could make a shambles of the military assistance program, and it would make a farce of the military assistance programing and of presentations before our appropriations committees. The House had rejected this same provision in an amendment offered by the gentleman from Indiana [Mr. ADAIR] and we persuaded the other body to accept our position.

Again, in several places in the other body's bill, funds were to be made available without going through the appropriation process. The House conferees insisted on its position and the other body eventually agreed.

As you recall we had a provision in our bill setting up an Inspector General and Comptroller, in order to focus in one place responsibility for supervising the accounting and the checking of end use of all forms of assistance. The Inspector General is to be responsible only to the Under Secretary of State, so he could get around bureaucratic attempts to hide mistakes or waste, and do something about situations that needed correcting. Complaints will go to him about things being badly handled or mismanaged. One difficulty in the past has been that when conscientious employees have protested, their protests have sometimes been smothered. Congressmen have seen things that were wrong; businessmen or visitors have seen things that were wrong, and reported them; but we could not seem to get the pattern changed. So the House set up an Inspector General in order that we could hold one man responsible. Where something is believed to be wrong and someone calls his at-

tention to it, he has got to investigate and correct, if needed, or else be held accountable by us. The State Department did not want this Inspector General, but the House put it in and it is in the conference report. We think it can be the most important step we have taken in years to try to correct mistakes, errors, abuses and, frankly, corruption in certain instances. These cases involve only a very small percentage of the total operations, but they are what give the whole program a black eye with the public and with the Congress.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield.

Mr. GROSS. Would this Inspector General in any way circumscribe the Comptroller General if he tried to go into these questions?

Mr. JUDD. No; it would not. If the gentleman will look at page 10 of the bill and pages 32 and 33 of the committee report, he will see that we have made it perfectly clear that this Inspector General has to coordinate his work with that of the Comptroller General. The Comptroller General is the agent of the Congress. We can send him to investigate what we want. This Inspector General will be the chief agent of the Department of State to police its own mutual assistance operations; and also to advise and consult with the Defense Department regarding its operations in this field.

Mr. GARY. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield.

Mr. GARY. Will the gentleman please explain why, in providing for the compensation of the Office of the Inspector General and Comptroller, instead of making the expenses of his office payable out of the general expense fund where there would be some control over it, it is provided that these expenses should be paid out of the field funds without any check and without any limitation?

Mr. JUDD. The reason is this: If this officer's funds come out of the administrative funds, he can be frozen out. We have seen that happen in the past.

If we make the funds for this officer and his staff available out of the program funds themselves, it will prevent his being smothered by the bureaucrats whose work he is inspecting, to the point where he cannot really do a good job.

Mr. GARY. The bill does not provide any limitation at all. Should there not be a limitation as to the amount of funds that he can expend in his work?

Mr. JUDD. The gentleman is correct that the bill does not provide any limitation. I really think that probably more of the funds ought to be spent on inspection than in the past. When we are dealing with operations involving \$3½ billion spread all over the world, and we have used only a tiny fraction of that for administration, I think we have invited some of the very irregularities about which we are unhappy.

Mr. PASSMAN. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Louisiana.

Mr. PASSMAN. That is a tremendous increase in the amount for administrative expenses for the ICA. Would the gentleman agree that there should be some type of limitation on the amount of money that this new Inspector General expends for travel and entertainment?

Mr. JUDD. No; I do not think we ought to have any limitation on this new officer except the limitation of the funds that are in the bill, because I don't know what the limitation should be. If Mr. Dillon, Under Secretary of State for Economic Affairs, sees fit to use more of the program funds for inspection and policing rather than for just programs, I think that is a good thing to do, at least for this year, on an experimental basis.

Mr. PASSMAN. In other words, the gentleman does not believe there should be any limitation as to what this gentleman could and should spend?

Mr. JUDD. That is correct, because we are not in any position as yet to know what a reasonable limitation would be. This is a new function, and I think the Inspector General's problem is going to be to get enough funds from the Department. I am not worried about his getting too much. It will not take any more out of the taxpayers' pockets, if he does use more.

Mr. PASSMAN. Is this program out of the taxpayers' money?

Mr. JUDD. Yes.

Mr. PASSMAN. So it would come out of the pockets of the taxpayers?

Mr. JUDD. Certainly, but it will not be additional funds out of their pockets. If there is more for inspection, there is that much less for operations. I think more of the funds should go into the policing of the operations, rather than continue to be used all for more of the same kind of operations that have been wasteful.

Mr. PASSMAN. Does the gentleman have a precedent for establishing a position of this kind without any limitation on expenditures?

Mr. JUDD. Yes. In the State Department basic legislation there is provision for an Inspector in the Foreign Service. He has even greater authority than this man will have. He can go into a post and suspend a person or suspend an operation on his own authority, subject to the decision of the Secretary. I read that act and there is no limitation on the amount of money available for the Inspector in the Foreign Service.

Mr. PASSMAN. It is rather loose, and the sky is the limit?

Mr. JUDD. No; the sky is not the limit. There is only so much money provided in the whole bill. Some can be used for administration and some can be used for programs. Do you not want to use more of the money for policing programs that we are criticizing?

Mr. PASSMAN. Oh, we know the same gentleman is going to run it.

Mr. JUDD. The gentleman to whom my friend is perhaps referring discovered on his own almost everything wrong brought out by the gentleman's committee and by the Hardy committee, as well as our own committee. This gentleman reported these things that were wrong,

he protested, but the protest was buried. We want to correct that situation. Under this new setup, he will have full responsibility and if he does not take care of it, he will be held accountable.

Mr. BENTLEY. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Michigan.

Mr. BENTLEY. Will the gentleman explain to the House this section 101:

Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense.

Mr. JUDD. This is a modification of language that was put in by the other body. The purpose is to test out the statement made again and again by our military leaders that mutual security is part and parcel of our defense, it is just as important as our own Armed Forces. For the next 2 years they will have to bring in a defense budget with one part of it, or one title or one chapter of it, for military assistance, alongside its requests for our own Military Establishment. If they ask more for military assistance to others, they will have to take more out of their own funds. We will find out whether they really believe that military assistance is part and parcel of our defense and just as important as their own flat-tops, planes, or submarines.

Mr. Speaker, one of the two major items of compromise was the Development Loan Fund. The other body had authorized \$750 million this year and the second year's authorization of \$1,250 million. The conferees compromised on \$700 million for fiscal year 1960 and \$1,100 million for fiscal year 1961—a reduction of \$200 million.

The other was the Senate provision giving continuing authorization without limitation for appropriations for military assistance. The House conferees rejected any such permanent authorization and got the Senate to accept a continuing authorization for the next 2 fiscal years on an experimental basis. We make clear in our statement that the legislative committees will review the military assistance programs as in the past, we will have a military assistance title in our bill each year just as now, and we will legislate as heretofore on all matters of policy. In 1962 the whole program will come back to us for whatever action we decide on as the result of the experiment.

Many Members have favored complete separation of military and economic assistance. This will give partial separation for 2 years. I believe it is a reasonable compromise.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Montana [Mr. ANDERSON].

(Mr. ANDERSON of Montana asked and was given permission to revise and extend his remarks.)

Mr. ANDERSON of Montana. Mr. Speaker, I want to defend the American mutual security program in Vietnam. I visited Vietnam last November, and I speak against the backdrop of what I learned on the ground.

Of course, we want to get the most out of our mutual security dollar. But let us remember the devastation wracked on this little country by the Communists—let us remember the heroism with which they have rolled back the Communists in Southeast Asia.

Certainly a sensation seeking reporter can go into any operation, military, government—yes, or private business—and advertise for the troublemakers and dissidents to air their beefs; and in any operation, including almost any big business you care to name, he can come out with a story more sensational than the one currently being aired on Vietnam.

Mr. Speaker, I spent some time in Vietnam, and I have studied the situation there. I want to express my opinion that we have gotten more than our money's worth for the dollars spent in Vietnam to halt the spread of communism in Southeast Asia. General Williams, chief of JUSMAAG in Vietnam, has done an outstanding job of building an efficient military machine that will do the job there. He has created from nothing one of the best small armies in Asia, and it is 100 percent anti-Communist. General Williams has worked miracles, but at the same time he has been vigilant and dedicated as a watchdog over the dollars spent in military aid in Vietnam. Newspaper accounts are guilty of inaccurate reporting when they allege that our expenditures are not properly supervised.

The aid to Vietnam has of necessity been largely directed toward establishing a military force capable of defending this little country. The officers of the MAAG, under General Williams' extremely competent direction, have established a very close working relationship with the Vietnamese Government and actively assist not only in the preparation of the Vietnamese military budget, but in supervising the execution of that budget. The relationship between the Vietnamese Government officials and the MAAG is possibly as close and fruitful as any such relationship in the world. When MAAG-Vietnam started its operations, the Vietnamese Government had not had experience in preparing budgets or supervising the expenditure of funds, and the Government has accepted wholeheartedly the guidance of the American officers in establishing effective controls on the use not only of the U.S. money, but of the Vietnamese funds.

In addition, the American officers advise on the training and the logistical operations of the Vietnamese armed forces from the highest level in defense down to and including the combat battalions, and they have established controls and records utilizing the most modern cost-saving methods.

When I was in Vietnam last year, I had an opportunity to observe this small but highly efficient army which has operated under difficult conditions. The countryside still has Communist bands supplied and directed from the North, operating against not only the Vietnamese Government, but the American personnel helping the Vietnamese. When I was there, I noticed the protection provided to me and was impressed with the efforts

the Vietnamese made to safeguard those who are trying to help them. The Communists have threatened and attempted on numerous occasions to assassinate American personnel, and all Americans working in Vietnam know that they are in danger. Numerous attempts on their lives have been made, but fortunately, so far, only two Americans have died at the hands of Communist agents. These two men, Maj. Dale R. Buis and M. Sgt. Chester M. Ovnan, gave their lives as much for the free world in Vietnam as they would have on the battlefields of Korea. Attempts to make such people appear as living too well are ill advised.

During the last 5 fiscal years, excluding the months of April, May, and June, 1959, for which figures are not yet available, the ICA has shown expenditures of \$922,651,000 in Vietnam, which, if broken down, would probably show two-thirds going to defense support to include the pay and allowance of Vietnamese troops, construction of barracks, and similar items. The remainder, probably not exceeding \$50 million a year, has been directed towards the economic development of the country. Notable progress has been made in opening the road net closed by years of war so that commerce could again move. With American help, nearly a million refugees from the Communist terror are being resettled in South Vietnam, new lands are being cultivated and old lands reopened. This is particularly praiseworthy when one considers the lots of refugees in other parts of the world, such as the Middle East. American help has also brought new crops to Vietnam to permit a diversification of the old two-crop agricultural system. Fisheries have been established, providing livelihood for additional people, reducing the price of food, and creating a new export commodity.

The United States has assisted in the importing of equipment to renovate the industries destroyed during the long war and to establish new ones. In this category one finds textiles, plastics, clothing manufacture, rubber and tire processing, power generating facilities, assembly plants for vehicles, pharmaceutical processing plants, numerous secondary processing industries, and new home handicraft industries.

An industrial development center has been established looking forward to still further industrial expansion, and considerable aid has been given in the field of education, including the training of teachers, providing equipment for schools, and general advice to the Vietnamese Ministry of Education.

Despite all these advances, made under the brilliant leadership of President Ngo Dinh Diem, it is true that Vietnam must look to the free world for continuing assistance for some years to come. As a principal bastion of the free world, she must maintain forces adequate to defend herself and to act as a deterrent to Communist onslaughts in southeast Asia. The very presence of this force in being has created the stability that exists in Indochina, and it is interesting to note that the only place in the world where a Communist-occu-

pied area has been recovered by the free world is in Indochina. The two northern provinces of Laos were once under Communist rule, and only very recently has the free government of Laos been able to reestablish its control.

The United States is currently assisting South Vietnam in establishing a number of small radio stations and one medium-size station near the border of Communist North Vietnam, in an attempt to counteract the powerful and effective radio propaganda emanating from Communist North Vietnam and from Communist China. In Phnom Penh, Cambodia, there is now a powerful transmitter, given to the Cambodian Government by Communist China, with Communist technicians operating it, which comes strongly into South Vietnam with all its criticisms of the Vietnamese Government. From North Vietnam come also the powerful transmissions of the Communist forces, and there are many places in Vietnam where today only the voice of Vietnam's enemies can be heard. Radio Hanoi is now broadcasting the most violent hate America campaign, including such vile inventions as the story that American officers use helpless women and children as machine gun targets and for bayonet practice. It is essential that we move fast in assisting the Vietnamese in counteracting this situation, for Radio Hanoi in North Vietnam is joining Peking and Moscow as one of the three most powerful stations in the world.

Negotiations are underway in ICA, Washington, for purchase and delivery of a 50,000 watt medium wave station to be constructed in Hue in the northern portion of South Vietnam. This station will enable the South Vietnam Government to influence sympathetic Vietnamese north of the 17th parallel and counter the enemy propaganda.

In the Far East a grim struggle continues against communism, in Taiwan Straits, in Indonesia, in Burma. In this struggle Vietnam represents the only clearcut major victory for the free world in the last 5 years. This is an aid program which has paid dividends far beyond expectations and the United States can be proud of the results. Any efforts to diminish or disrupt this assistance could well lead to disaster not only to us but to the entire free world. I honestly believe Vietnam can be properly used as an example of how we should assist other new countries.

Mr. MORGAN. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. BENTLEY].

Mr. BENTLEY. Mr. Speaker, my remarks should under no circumstances be taken as criticizing the conferees on the part of the House who, I am sure, did the best job capable in conference with the members from the other body on this bill. Nevertheless, I point out the rather remarkable fact that the House authorized a figure of \$3,542,600,000, the Senate amendment to the House bill was less than \$1 million in excess of that, and the conferees then came up with a figure of \$3,556,200,000 which is higher than the authorization figure either as it passed the House or as it passed the

Senate. I suppose that is possible, but it is rather remarkable, I think, that the conferees did increase the authorization figure of the bill both as it passed the House and also as it passed the Senate.

I would also like to point out to Members that in addition to the \$3.5 plus billion contained in the conference authorization, there is, for the purposes of the Development Loan Fund, an additional authorization of \$1.1 billion to be advanced prior to July 1, 1961. So, as I say, we are faced with an additional 2-year authorization for this program in excess of this \$3.5 billion plus figure which we are considering today.

Mr. BURLESON. Mr. Speaker, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Texas.

Mr. BURLESON. I take it that explains why the conferees have actually agreed on a greater amount than that approved by the House or the other body.

Mr. BENTLEY. No. I think, if the gentleman from Texas will look at these figures, he will find that the figure as approved by the conferees is in excess of both the Senate and the House figure even without that \$1.1 billion to be authorized over the next 2 years.

Mr. BURLESON. The gentleman was complimentary to our conferees. I am complimentary to the conferees, and as I look at this report, which I have not had time to study, it seems to me that the conferees on the part of the House have done all the yielding. Here is a total figure in this report that is in excess of the House or the Senate figure. I just did not know that was done, but it is.

Mr. BENTLEY. I prefer to yield to the chairman if he desires to refer to that fact.

Mr. MORGAN. Of course, if the gentleman will examine the table in the conference report, he will see, item by item, that the conferees stayed within the limitations of the two bills.

Mr. BENTLEY. But then how was the final figure in excess of both authorizations, Mr. Chairman?

Mr. MORGAN. The final figure was in excess because the compromise figures arrived at added up that way.

Mr. BENTLEY. But it is not included in this \$1.1 billion advance authorization for the Development Loan Fund, is it?

Mr. MORGAN. No. That is not included.

Mr. BENTLEY. I thank the gentleman. As I say, I am sure the conferees of the House did the best job they could with the bill that passed the House, but obviously those of us who opposed the bill in the House would have no reason for changing our position now with this conference report.

I thank the gentleman.

Mr. MORGAN. Mr. Speaker, I yield such time as she may desire to the gentleman from Ohio [Mrs. BOLTON].

Mrs. BOLTON. Mr. Speaker, the House can be proud of the works of its conference committee. It was a difficult conference, starting with 56 points in disagreement. It ended with all important differences resolved in our favor.

No conference is ever entirely one-sided, there has to be some give and take, especially when most of the take is on our side. That our conferees were such excellent traders is something we can feel extremely pleased with the results. I congratulate the chairman and those who accompanied him and this House for having men of tact, patience, and wisdom to serve on the conference committee for the mutual security bill.

(Mrs. BOLTON asked and was given permission to revise and extend her remarks.)

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain reports.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MORGAN. Mr. Speaker, I yield 8 minutes to the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Speaker, what I have to say is certainly not to be construed as any criticism of the conferees on the part of the House. I think they have done the best job that they could. I particularly desire to commend them for their success in eliminating from the bill all direct borrowing from the Treasury, which has been frequently referred to on this floor as the back-door approach to the Treasury, because I think that was one of the most dangerous features of the bill. In my judgment it is one of the most dangerous tendencies that we are facing in the Congress today, and I know that some of the Members of the other body were very insistent on that approach in this bill.

I do want to call attention, however, to two things in the bill. I have always voted for the mutual security bill, although I have tried to hold the appropriations down to a reasonable minimum. I find it difficult now, however, to convince myself that this is the time for new programs. It seems to me that the time has come when the program should be tapering off, and we should be cutting down activities instead of embarking on new programs. Yet, there are two entirely new programs in this bill. One is to be found on page 11, International Cooperation in Health. We did not have that in the House bill. It never came before the House. Yet here we are entering upon a brandnew program without a committee of the House having had any opportunity whatever to study it, to consider it, to pass upon it.

We are already spending approximately \$85 million a year for health activities under this program. We contribute nearly \$5 million a year to the World Health Organization of the United Nations. Now this new program is proposed. Let me read it to you:

The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously

detracting the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

It is true they do not ask for any direct appropriation to implement the program, but they do provide that \$2 million may be taken from the contingency fund. We have heard how costly socialized medicine is in England. I am afraid once we begin this program, we will soon be trying to establish a program of socialized medicine for the entire world. I think it is a very dangerous step.

In the second place, section 601 provides—and here is another new program:

The purpose of this chapter is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as "the East") through cooperative study and research, by establishing in Hawaii a Center for Cultural and Technical Interchange Between East and West, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the East and the Western World may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the U.S. Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the Mutual Security Act of 1954 and other acts promoting the international educational, cultural, and related activities of the United States.

That contemplates the establishment of a school. It contemplates grants, fellowships, and scholarships and various other inducements, because, the law says, we must make it attractive so people will attend the school.

I submit, Mr. Speaker, that if we are going to embark upon programs of this kind, at least they should have the consideration and the study of a House committee. That has not been done in this instance.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. GARY. I yield.

Mr. BAILEY. I should like to ask the gentleman this question, since he participated in redrafting section 505(b) when this legislation was before the House. Just what changes are made in the Senate version of this proposal to divert the payment of interest and principal on loans that now are coming into the Treasury to the Redevelopment Fund, in counterpart funds? Just what did the Senate do to the House bill in that respect?

Mr. GARY. It is my understanding that the use of any funds now has to be authorized by the Congress under regular appropriation procedures. They are not permitted to use those funds unless they are so authorized in appropriation bills. The chairman of the committee has so stated.

Mr. BAILEY. The bill as it is right now provides that U.S. dollars are received in repayment of principal and in the payment of interest and that any repayments made under this section shall be deposited in "Miscellaneous receipts" of the Treasury. That seems to be a Senate amendment. That was not in the original bill. That is a good gesture, but that is all it is, because none of those nations will pay its obligations in American money when they can do it in their own currency.

Mr. GARY. When it is paid into the Treasury, it has to be appropriated out of the Treasury, which is as it should be.

Mr. PASSMAN. Mr. Speaker, will the gentleman yield?

Mr. GARY. I yield.

Mr. PASSMAN. I share the distinguished gentleman's concern about these two new programs. It could be somewhat like the Development Loan Fund, which started off very low and then first thing you know, it was doubled and tripled. It is my understanding that last year the House passed a \$300 million appropriation for the Development Loan Fund. Then, at a subsequent date, they had a \$150 million supplemental appropriation. But, this year there is \$700 million in the bill authorized for fiscal year 1960, which is double the amount the House approved last year. But, in addition, thereto you have an authorization calling for \$1,100 million to be appropriated for some future date. I should like to ask the distinguished chairman of the full committee if it is his understanding with reference to this Development Loan Fund that notwithstanding the fact we made a lot of fuss about the supplemental a few weeks ago, actually, the agency finished the year with \$225,496,000 in the Development Loan Fund unobligated. Now, they did claim that they had committed \$212 million, but they actually had unobligated \$225 million. Is that the gentleman's understanding?

Mr. MORGAN. Of course, we have no information about the supplemental appropriation and how those funds were obligated because our hearings closed before the supplemental appropriation bill was signed by the President.

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. PASSMAN. Mr. Speaker, will the gentleman yield for a clarification? Is it not true that out of the appropriation total for the fiscal year 1959, both regular and supplemental, on June 30 they had \$225 million unobligated in the Development Loan Fund?

Mr. MORGAN. The gentleman deals every day with these figures. If he so states I am willing to take his word as to their accuracy.

The SPEAKER. Does the gentleman from Pennsylvania yield himself time?

Mr. MORGAN. Mr. Speaker, I yield myself 1 additional minute.

Mr. JUDD. I think the point here hinges on the use of the word "obligated." In the Development Loan Fund when they enter a certain stage in the negotiations on a contract, if it is going to cost \$5 million, they reserve \$5 million.

It is not obligated and it will not be until a contract is finally signed. But, the \$5 million is tied up for that program until the negotiations are completed or they fall through. So it may be correct when the gentleman says \$225 million were unobligated, but when they are in process of negotiation, they are committed and are not free to be used or programmed for any other purpose.

Mr. PASSMAN. Mr. Speaker, will the gentleman yield?

In fact, you only spent about \$50 million out of all the money we have given. I am only trying to establish the fact that you actually had \$225 million unobligated and you had not gone into the matter of contracts far enough to the point that you could even reserve the funds.

Mr. JUDD. The administrators of the Development Loan Fund did exactly what we asked them to do. We asked them to be very careful and to study these things very thoroughly before signing on the dotted line. And I commend them for doing that.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Speaker, I have asked for this time to put a question or two either to the chairman of the Foreign Affairs Committee or to the conferees on the minority side. By this conference report, we have authorized military assistance expenditures for 2 years hence. Is that correct?

Mr. JUDD. That is correct.

Mr. ADAIR. What was the feeling of the conferees with respect to the question as to who and what committee and under what circumstances would hear evidence concerning the military program before it went to the appropriations committee.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield.

Mr. JUDD. The gentleman will recall that the other body had a provision giving a permanent authorization for military assistance so that the Pentagon would never again have to come back to our committee. We opposed that. We finally settled on a 2-year authorization beyond the current fiscal year, as an experiment. We made it perfectly clear that each year the Defense Department must come to the Committee on Foreign Affairs of the House and to the Committee on Foreign Relations of the other body and present their case for military assistance just as they have had to do heretofore, and that legislation on policy matters will be recommended and presented to the House in the mutual security bill just as is done now. There will always be in our bill a title I, dealing with military assistance, but it will not have in it a figure as to the amount that can be authorized. That will be determined for those 2 experimental years by the Committee on Appropriations. At the end of that time, they will have to come back to the regular authorizing committees to explain how it has worked out and we will decide what we do from there on.

Mr. ADAIR. And, in the meantime, in the opinion of the gentleman, if it is thought to be necessary, could this provision of the law be rewritten and changed?

Mr. JUDD. On page 19, we have this statement:

It was the consensus of the managers on the part of the House and the Senate that on the basis of such continuous review the Congress might at any time deem it appropriate to reestablish annual dollar authorizations for military assistance.

So if we do not like its operations by next year, we can put a ceiling on appropriations in the authorizing legislation.

Mr. ADAIR. So it was the view of the conferees that this action related only to dollar values in the bill?

Mr. JUDD. That is right.

Mr. ADAIR. And in nowise would decrease the information on and study of the program by the Committees on Foreign Affairs and Foreign Relations.

Mr. JUDD. The gentleman has stated it correctly.

The SPEAKER. The time of the gentleman from Indiana has expired.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, I regret that I was late getting to the House floor from a subcommittee meeting in which we heard certain witnesses from the International Cooperation Administration. At the hearing we learned there among other things that this country has between 30 and 40 people still in Iraq where the giveaway program has been halted for many months. Apparently Kassem does not want our hand-outs.

These 30 to 40 employees draw hardship allowances in Iraq in addition to regular pay and other allowances and are being maintained there until they can be reassigned. I must say that that is a most extravagant and nonsensical operation.

Mr. JOHANSEN. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Michigan.

Mr. JOHANSEN. I want to associate myself with the statement the gentleman has just made. I was at the same committee hearing. The gentleman from Virginia [Mr. GARY] mentioned new authority with regard to International Cooperation and Health Organization. I suppose embarking on that means that we will have a hospital construction program without limit.

Mr. GROSS. Yes, and the witnesses appearing before our subcommittee indicated that they are anticipating just that, because they testified they would have to put more people on the ICA payroll. They are anticipating that, as well as other expansions. It is high time some agency of Government put an end to such crookedness in the foreign giveaway program as permitting one employee to purchase a \$600, 1947 model

Cadillac in New Jersey, ship it thousands of miles to Laos at Government expense, and then sell it to an official of an American construction company in Laos, which was the recipient of International Cooperation Administration contracts, for some \$2,000. This 1947 Cadillac was apparently inoperable at the time and when an investigation of this deal was started it was cut up with welding torches and the pieces dropped down a well to get it out of sight.

Mr. JOHANSEN. The program for the next fiscal year contemplates a 15 percent increase in program personnel.

Mr. GROSS. That is right, and this bill as it is before us today would embark this Nation on a worldwide hospital and medical care program, the cost of which no one can estimate. Here also is the start of a so-called cultural center in Hawaii, the ultimate cost of which is unknown. In view of the financial situation in this country, how utterly stupid can we get? I am completely and unalterably opposed to this legislation.

The SPEAKER. The time of the gentleman from Iowa has expired.

Mr. JONAS. Mr. Speaker, will the gentleman from Pennsylvania yield so that I may ask the gentleman from Iowa a question?

Mr. MORGAN. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina.

Mr. JONAS. The gentleman from Virginia commented on chapter 6. The gentleman from Iowa also referred to chapter 6, but no one has read the provisions of section 603 under that chapter which seem to me to be an authorization without any limitation whatsoever.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. JONAS. I yield.

Mr. JUDD. This authorization was inserted by the other body. There had to be some compromises. We insisted on our Inspector General and we accepted their provision for a study of this proposed new program. It is for a study only. There is authorization for funds to make a plan and propose a program. There is no authorization for funds to carry it out.

Mr. JONAS. But it is an authorization without limitation. It reads: "There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this chapter."

Mr. JUDD. That is right, to prepare a plan and a program.

Mr. JONAS. Does not the gentleman think there should be some limitation?

Mr. JUDD. How much should it be? It is for a study to be submitted next January.

Mr. JONAS. I do not approve the issuance of blank checks to any agency.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. BURLERSON].

Mr. BURLERSON. Mr. Speaker, the gentleman from Virginia [Mr. GARY] referred to a new program in the mutual security bill described in the conference report before us. As a matter of fact, there are numerous new programs in-

involved in this measure. A new one is to be found on page 23 of the conference report. You will find it under the heading "United Nations Technical Assistance Program." It provides for \$100 million, to which the United States contributes 40 percent.

Now, Mr. Speaker, our colleagues of the Foreign Affairs Committee who served as conferees will tell you that this is not a new program, but a substitute for the rejected and discredited SUNFED program. Our representatives to the United Nations rejected SUNFED, but agreed to this program which is its successor, if not SUNFED itself in another guise.

The United Nations Technical Assistance Program is headed by Mr. Paul Hoffman, who in a recent speech said we should spend \$3 billion in the next 5 years on projects determined by United Nations personnel under this program. In a more recent speech in the city of Detroit, he said we should spend \$30 billion over the next 10 years for this purpose.

Now, insofar as I am able to determine, the purpose of the present authorization is to send people all over the world to seek programs for which this \$3 billion or \$10 billion can be spent. It says they are to seek ways and means for developing human and material resources of less developed nations. In other words, we do not already have enough people seeking projects to foster on nations which, in many instances, cannot afford them and which in many instances have had their economy upset by overspending, but we are creating a new agency for the same purpose. The only difference in these numerous other programs and this new one is, at least, it is American personnel who discovers and recommends projects. In the case of the United Nations technical assistance program, not one U.S. citizen is in the organization except Mr. Paul Hoffman. The others have a radical Socialist background from England, Canada, France, and the West Indies. Not one American who actually does the work is involved. You accept this sort of thing when you vote for this conference report.

I wish time would permit to go into this matter more thoroughly, but I also want to call your attention to another new program, which is the very last item in the conference report.

Some months ago the President of the United States proclaimed an International Refugee Year, beginning July 1, 1959. We are now 3 weeks in the International Refugee Year, and in this bill we are authorizing \$10 million to support it in some way or other. Seemingly, there is no explanation as to how the \$10 million is to be spent, but nevertheless it is provided in this bill.

An announced candidate for the Presidency of the United States sponsored the amendment in the other body, and our conferees have accepted it. No explanation has been given to the House, and I certainly think we are entitled to have one.

There are bills pending in both bodies of this Congress which, if passed, will circumvent our immigration laws, and

the proclamation of the President for an International Refugee Year plus the \$10 million provided in this bill for some vague purpose, will have the result of opening up our doors to people who can not otherwise gain entry into this country under present immigration laws. I know of no better way to weaken and wreck our immigration laws than to accept such a proposition.

Mr. Speaker, the American Legion legislative bulletin dated July 13, 1959, presents a very excellent discussion on this subject. I subscribe wholeheartedly to the following, and I quote:

The motivation behind the pleas and demands for the admission of more and more immigrants through changes in basic laws * * * or one after the other of the special laws that bring to this country hundreds of thousands of persons in addition to the regular flow of immigration—like the Displaced Persons Act right after World War II, or the Refugee Act of more recent vintage, and many other public and private acts * * * is not too difficult to understand. We appreciate that many well-intentioned persons seek these changes out of the goodness in their hearts—through a desire to aid humanity. But for the most part we think it is prompted by the personal desires of countless individuals who have emigrated in this country and who have now become so strong in politics that they are in positions to demand immigration-liberalizing legislation from their representatives in Congress as well as from most every other echelon of government—from the Nation's Capitol down through the State offices to the local wards. That is how we see it. The problem increases in size and scope, like a snowball rolling downhill.

We hear a great deal about the need for humane consideration of the separated families. Practically every pro-immigration speech contains reference to these separated families and that we must, in the name of all that is good, liberalize the laws so the families can be reunited. Few of the speeches, if any, tell you how most of the separations came about. It works something like this: Consider any country with an immigration quota to the United States, and remember that quota-immigrants may not exceed the number assigned by us to that particular country. So one of its citizens wants to come over here for permanent residence; he applies for a visa, and if he meets the necessary health and individual responsibility tests and comes within the quota for the year, the visa is granted. Now suppose the man has a wife and children. He has but one visa and cannot bring his family but he chooses to come alone. There is a separated family.

It seems reasonable and logical that the above person might better have applied for visas for his entire family and thus avoided separation but in a great many cases it does not work that way. That would be too limiting. On the contrary it seems almost a plot that heads of families come alone—filling the quotas that way—then depending on the warmth of American hearts and the effectiveness of politicians, etc., to reunite the families in spite of basic immigration laws and the controlling quotas. In the past, like in the pioneer days of the development of our west, it was understandable that the men folk of the families went forth to make a way for the remainder who would follow. But now things are different. In the first place a quota immigrant is not given a visa until our officials are assured that he has a job, a sponsor, or independent wealth. His economic future is pretty well assured before he leaves his home country; the need for his coming alone has largely been dissipated.

Now let us survey some of the facts on immigration.

In the year 1958 more than 253,000 immigrants entered the United States for permanent residence. Of these 102,000 were on the basis of quotas. The annual quota for all countries was and still is 154,957. This means nearly 53,000 quotas are unfilled * * * remember this figure as we discuss it later. Unfilled quota countries are largely in northern Europe, with Great Britain using the least of its assigned numbers. Western Hemisphere immigrants are on a nonquota basis except certain Asiatics who must obtain visas charged against the quota allotted to the country of their forebears. In 1958 North and South America contributed 91,827 nonquota immigrants. Subtracting this number from the 253,000-odd who entered we find that 161,438 quota and nonquota immigrants from Europe and Asia joined us in the last year * * * against a quota of about 155,000. Had the quotas been filled our total for 1958 would have been 306,000.

What are some of the legislative proposals now being pushed so hard in Congress?

Some of the most prominent measures would provide that unused quotas be reallocated on a prorata basis to other countries. This would immediately mean that our immigration would be increased by more than 50,000 annually * * * taking us over the 300,000 figure.

But that is not all. Some of the prominent proposals would change the 1920 census base for the national origins quota system to the 1950 census which would mean an increase in the quotas by about 65,000. This, added to the present quota of about 155,000, would total 220,000.

So, the two proposals * * * reallocation of unused quotas—53,000 * * * and the new quota increase of 65,000, would add 118,000 to the present rate of immigration, or an annual total of 371,000.

Now watch this: In addition to the foregoing there is strong urging in Congress that we set up a permanent refugee program to provide for an additional 60,000 per year—over and above the potential 371,000 already discussed. This makes a new total of 431,000.

Even this is not enough. Aided by a White House Conference on Refugees, earlier this year which represents the United States' part in a "World Refugee Year," it is urged that Congress provide for an additional 20,000 refugees during the next 2 years, for a grand total of 451,000. The World Refugee Year program is now being propagandized all over the United States.

All the proponents of this type legislation point to the need for the United States to do its share in accepting and encouraging the immigration of refugees and those from the overpopulated areas. All claim that it will be for the good of America, economically, socially, and from a foreign relations point of view. None appears to worry about our ability to absorb the extra immigration.

Population statisticians now estimate that the U.S. population in the year 2000 will be from 330 to 350 million. Presumably that is based on natural growth plus the present immigration flow. The year 2000 is only 41 years ahead. How will the natural resources within our own borders stack up to the needs of that many people? And what about the years after 2000? Will the bare necessities of water and land be sufficient, or will we be like other overpopulated countries of the world? Today the cry is for more schools—more hospitals, and more of many other things that makes America the place that so many now want to come to. Do we need to artificially increase our population by liberalizing our immigration policies?

Have you ever done the arithmetic to figure our what effect immigration has on the population growth of this country? The current population growth in the United States is

1.7 percent per year. Let's assume that in 1960 we get 450,000 immigrants. If we add 1.7 percent to that figure, compounded annually, we arrive at a total in excess of 867,000 by the year 2000—only 41 years from now. That calculation does not include any immigration after 1960. We have seen figures based on 350,000 immigrants each year from 1960 to the year 2000, to which is added 1.7 percent annual growth. The cumulative total exceeds 20 million. This is something to think about.

It is no longer universally popular to speak out for the good of America and its future—there are many cross currents which at times seem to place individuals' motives and desires above the security and welfare of our country. The American Legion has consistently and courageously too, we believe—raised its voice in opposition to proposals, trends, and events which were considered to be detrimental to our national welfare. We believe the present flow of immigration to this country is the maximum that can be equitably assimilated in even such short-range program as one ending in the year 2000.

Mr. Speaker, this sort of thing is the best way I know to discredit the worthwhile things contained in this bill. I would like to support a measure for world cooperation with other free peoples and do everything possible to assist the less developed areas to remain free and develop their physical and human resources, but I am not going to be a party to fostering activities on them which are repugnant to our own country. Not only is it being done by such programs as these, and particularly the first one mentioned, but those activities which will result under the provisions of the Development Loan Fund. I wish there was opportunity to again discuss the Development Loan Fund, which in my humble opinion is a subterfuge in its rankest form.

I hope there are enough votes to reject the conference report.

Mr. MORGAN. Mr. Speaker, I yield 1 minute to the gentleman from Vermont [Mr. MEYER].

Mr. MEYER. Mr. Speaker, I would like to ask the chairman one question. I originally supported this bill with some reservations. Naturally, we cannot have a bill that we all agree with in every detail. But since that time the matter of nuclear weapon agreements has come up in connection with seven countries. Two of these agreements have already gone into effect without our being able to discuss them on the floor. No matter what effort I and others have made to oppose these agreements or to have them discussed and voted on the floor, four other agreements will go into effect on Saturday.

My question is, do you know how many million dollars will be used in this appropriation to implement these agreements?

Mr. MORGAN. I do not think that is involved unless it is involved in military money for the NATO organization.

Mr. MEYER. I would assume that several hundred million dollars would probably be involved in providing for this nuclear weapons assistance.

Mr. MORGAN. Mr. Speaker, I yield 1 minute to the gentleman from Iowa [Mr. COAD].

Mr. COAD. Mr. Speaker, I rise at this time to commend the House conferees

for accepting the item which was alluded to a moment ago by the gentleman from Texas [Mr. BURLESON]. On page 37 there is an item of \$10 million for the World Refugee Year which was not in the House bill. I feel that this is a very important item.

In my public service work I have studied this problem and I can see the urgency of it. I wish to take this time to suggest to the President that he makes certain that this money is available in the work of the World Refugee Year program, a very vital program. I feel certain that that sentiment is expressed by not only the Members of this House but by all Americans, to make certain that we do enter into this program and that we do speak in behalf of those people who are downtrodden and the homeless refugees that have literally been shifted from one place to another. It is only now that a real and a vital program during a peacetime year is being undertaken so that the plight of the refugee is enhanced to the small degree that the plight of the refugee is enhanced to the small degree that these moneys are going to allow.

It is my hope, Mr. Speaker, that this relatively modest amount of money which can be the means of substantially reducing the human misery of the thousands of refugees holding on to existence in desolate camps and circumstances throughout our world will be not simply available, but will, at the President's discretion, be actually employed for this purpose. Such action is surely a minimal expression of our genuine concern for those homeless persons who but for geography and the grace of God might include you and me.

(Mr. COAD asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and, on a division (demanded by Mr. ADAIR), there were—ayes 81, noes 35.

Mr. BENTLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 257, nays 153, not voting 24, as follows:

[Roll No. 113]

YEAS—257

Addonizio	Barry	Boyle
Albert	Bass, N.H.	Brademas
Anderson,	Bates	Breeding
Mont.	Becker	Brewster
Anfuso	Beckworth	Brooks, Tex.
Arends	Blatnik	Broomfield
Aspinall	Boggs	Broyhill
Avery	Boland	Buckley
Ayres	Bolling	Burdick
Baker	Bolton	Burke, Ky.
Baldwin	Bonner	Burke, Mass.
Barrett	Bowles	Bush

Byrne, Pa.	Hollfield	O'Hara, Ill.
Byrnes, Wis.	Holland	O'Hara, Mich.
Cahill	Holtzman	O'Neill
Carnahan	Horan	Oliver
Carter	Huddleston	Osmer
Chamberlain	Ikard	Ostertag
Chipfield	Irwin	Pelly
Clark	Jarman	Perkins
Coad	Johnson, Calif.	Philbin
Coffin	Johnson, Md.	Pillion
Cohelan	Johnson, Wis.	Pirnie
Conte	Jones, Ala.	Porter
Cook	Judd	Price
Cooley	Karsten	Prokop
Corbett	Karth	Pucinski
Cramer	Kasem	Quie
Curtin	Kastenmeier	Quigley
Curtis, Mass.	Kee	Rains
Daddario	Keith	Randall
Dague	Kelly	Reuss
Daniels	Keogh	Rhodes, Pa.
Davis, Tenn.	Kilday	Riehlman
Dawson	King, Calif.	Rivers, Alaska
Delaney	King, Utah	Roberts
Derounian	Kirwan	Robison
Diggs	Kluczynski	Rodino
Dingell	Kowalski	Rogers, Colo.
Dixon	Lafore	Rogers, Mass.
Dollinger	Lane	Rooney
Donohue	Langen	Roosevelt
Dooley	Lankford	Rostenkowski
Dorn, N.Y.	Lesinski	Santangelo
Doyle	Levering	Saund
Dulski	Libonati	Schenck
Durham	Lindsay	Schwengel
Dwyer	Loser	Selden
Edmondson	McCormack	Shelley
Elliott	McDowell	Sheppard
Evins	McFall	Shipley
Fallon	McGovern	Sisk
Farbstein	Macdonald	Slack
Fascell	Macdowicz	Smith, Iowa
Feighan	Mack, Ill.	Smith, Miss.
Fenton	Madden	Spence
Fino	Magnuson	Springer
Flood	Mahon	Staggers
Flynn	Mailliard	Stratton
Fogarty	Marshall	Stubbsfield
Foley	Martin	Sullivan
Forand	May	Teague, Calif.
Ford	Meador	Teller
Frazier	Merrow	Thompson, N.J.
Frelinghuysen	Metcalfe	Thornberry
Friedel	Miller	Toll
Fulton	Miller, N.Y.	Tollefson
Gallagher	Miller, N.Y.	Trimble
Garmatz	George P.	Udall
Gialmo	Miller, N.Y.	Ullman
Glenn	Milliken	Vanik
Goodell	Mills	Van Zandt
Granahan	Moeller	Vinson
Green, Oreg.	Monagan	Wainwright
Green, Pa.	Montoya	Wallhauser
Griffin	Moorhead	Walter
Griffiths	Morgan	Watts
Gubser	Morris, N. Mex.	Weis
Hagen	Moss	Westland
Halleck	Multer	Widnall
Halpern	Murphy	Wier
Hardy	Natcher	Wolf
Hays	Nelsen	Wright
Healey	Nix	Yates
Hebert	Norblad	Zablocki
Hechler	O'Brien, Ill.	Zelenko
Hess	O'Brien, N.Y.	

NAYS—153

Abbitt	Burleson	Haley
Abernethy	Cannon	Hall
Adair	Casey	Hargis
Alexander	Cederberg	Harmon
Alford	Chelf	Harris
Allen	Chenoweth	Harrison
Andersen	Church	Hemphill
Minn.	Collier	Henderson
Andrews	Colmer	Herlong
Ashmore	Cunningham	Hiestand
Bailey	Curtis, Mo.	Hoeven
Barden	Davis, Ga.	Hoffman, Ill.
Barr	Dent	Hoffman, Mich.
Bass, Tenn.	Denton	Hogan
Belcher	Derwinski	Holt
Bennett, Fla.	Devine	Hosmer
Bennett, Mich.	Dorn, S.C.	Hull
Bentley	Dowdy	Jennings
Berry	Downing	Jensen
Betts	Everett	Johansen
Blitch	Fisher	Jonas
Bosch	Flynt	Kilgore
Bow	Fountain	Kitchin
Bray	Gary	Knox
Brock	Gathings	Laird
Brooks, La.	Gavin	Landrum
Brown, Ga.	George	Latta
Brown, Ohio	Grant	Lennon
Budge	Gross	Lipscomb

McCulloch	Pfost	Smith, Kans.
McDonough	Pilcher	Smith, Va.
McGinley	Poage	Steed
McIntire	Poff	Taber
McMillan	Preston	Teague, Tex.
McSween	Ray	Thomas
Maack, Wash.	Reece, Tenn.	Thompson, Tex.
Mason	Rees, Kans.	Thomson, Wyo.
Matthews	Rhodes, Ariz.	Tuck
Meyer	Riley	Utt
Michel	Rivers, S.C.	Van Pelt
Minshall	Rogers, Fla.	Wampler
Mitchell	Rogers, Tex.	Weaver
Moore	Roush	Wharton
Morris, Okla.	Rutherford	Whitener
Morrison	Saylor	Whitten
Moulder	Scherer	Williams
Mumma	Short	Willis
Murray	Sikes	Winstead
Norrell	Siler	Withrow
O'Konski	Simpson, Ill.	Young
Passman	Simpson, Pa.	
Patman	Smith, Calif.	

NOT VOTING—24

Alger	Celler	Powell
Ashley	Forrester	Rabaut
Auchincloss	Gray	St. George
Baring	Jackson	Scott
Baumhart	Johnson, Colo.	Taylor
Boykin	Jones, Mo.	Thompson, La.
Brown, Mo.	Kearns	Wilson
Canfield	Kilburn	Younger

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Celler for, with Mr. Gray against.
 Mr. Rabaut for, with Mr. Forrester against.
 Mr. Auchincloss for, with Mr. Scott against.
 Mr. Baumhart for, with Mr. Alger against.
 Mr. Powell for, with Mr. Baring against.
 Mr. Ashley for, with Mr. Thompson of Louisiana against.

Mr. Taylor for, with Mr. Brown of Missouri against.

Until further notice:

Mr. Boykin with Mr. Kilburn.
 Mr. Johnson of Colorado with Mrs. St. George.

Mr. CAHILL changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The doors were opened.

GENERAL LEAVE TO EXTEND

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have permission to extend their remarks at this point in the RECORD on the conference report just agreed to.

The SPEAKER pro tempore (Mr. O'BRIEN of New York). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

ATTACHMENT AND GARNISHMENT OF WAGES, SALARIES, AND COMMISSIONS OF JUDGMENT DEBTORS

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 836) to amend the code of law for the District of Columbia modifying the provisions relating to the attachment and garnishment of wages, salaries, and commissions of judgment debtors, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 7, line 16, strike out debtor and insert "employer-garnishee".

Page 8, strike out line 19, and insert "section 1104A); and".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

(Mr. McMILLAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. McMILLAN. Mr. Speaker, I want to take this opportunity to thank Judge Kronheim and Judge Walsh, of the District Municipal Court, for their untiring efforts in assisting the House District Committee in enacting H.R. 836, having for its purpose amending the present Garnishee Act.

Judge Kronheim and Judge Walsh called to my attention on numerous occasions the abuses of the Garnishee Act by certain merchants here in the District of Columbia. I have learned after investigation that certain merchants in the District of Columbia were making a collecting agency out of the municipal court under the provisions of the present Garnishee Act. I have never heard of any act on the statute books that has been as badly abused as the present Garnishee Act, and it is a pleasure for me to have a part in amending this act so that the unfortunate poor people in the District of Columbia will not be imposed upon by any Federal act that is on the statute books.

Again, I want to congratulate and thank Judge Kronheim and Judge Walsh for their assistance to my committee in having this legislation enacted. I am reliably advised that the majority of the time of two or three municipal court judges has been utilized during the past few years in collecting claims for the merchants of the District of Columbia under the present Garnishee Act.

FOURTH ANNUAL REPORT ON THE ADMINISTRATION OF CHAPTER 73—ANNUITIES BASED ON RETIRED OR RETAINER PAY, TITLE 10, UNITED STATES CODE—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States, which was read and, together with accompanying papers, referred to the Committee on Armed Services:

To the Congress of the United States:

Pursuant to the provisions of section 1444, title 10, United States Code, I transmit herewith for the information of the Congress the Fourth Annual Report on the Administration of Chapter 73, Annuities Based on Retired or Retainer Pay, Title 10, United States Code.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, July 22, 1959.

States, has recently spoken eloquently in his novel, "Dr. Zhivago":

"I think that if the beast who sleeps in man could be held down by threats—any kind of threat, whether of jail or of retribution after death—then the highest emblem of humanity would be the lion tamer in the circus with his whip, not the prophet who sacrificed himself. But don't you see, this is just the point—what has for centuries raised man above the beast is not the cudgel but an inward music: the irresistible power of unarmed truth, the powerful attraction of its example."

Thus we feel—and we think the overwhelming majority of those who have ever had any experience in teaching students of any age will agree with us—that belief in the rightness of our cause which assumes the positive form of loyalty to the United States, its Constitution and its laws, can only be won by the powerful attraction of unarmed truth implicit in the educational process. It cannot be induced or assured by oaths exacted in advance as conditions to participation in this process.

Finally, oaths and affidavits of this sort are especially distasteful when they are required of young people who are just entering upon the most important phase of their educational experience. They seem to represent a lack of confidence in those young people, and in their future, as well as in the educational process itself. Since they were first embodied in early colonial laws and later made explicit in the teachings and writings of Adams and Jefferson, the right of all Americans to be educated up to the limit of their native ability according to the principle of equal opportunity, and the necessity of providing for such education, have been fundamental articles of our national democratic faith. To attach such conditions to this faith as now appear, particularly in the negative affidavit under section 1001(f) (1), seems like a loss of faith in the faith itself. It seems to say to these young people upon whose education our very survival as a nation depends that we do not trust them and are not even sure that their education will contribute to our security.

In the normal course of events it would be natural to expect that, as the National Defense Education Act becomes operative, it will undergo revision and improvement through the process of amendment. I hope very much that in this process the requirement of the affidavit and oath may receive further consideration, and I again commend you for calling this matter to the attention of the public.

Believe me,

Respectfully yours,

WESLEYAN UNIVERSITY,
DEPARTMENT OF GOVERNMENT,
PUBLIC AFFAIRS CENTER,
Middletown, Conn., May 11, 1959.

Senator PRESCOTT BUSH,
The Senate,
Washington, D.C.

DEAR SENATOR BUSH: I enclose a petition which bears the signatures of virtually the entire faculty of Wesleyan University.

Your truly,

JOSEPH C. PALAMOUNTAIN, Jr.

We, the undersigned members of the faculty of Wesleyan University, urge you to support the repeal of the disclaimer oath requirement of the National Defense Education Act of 1958.

While this act generously makes needed funds available for the support of higher education, you doubtless recall that it nevertheless requires under the terms of section 1001(f), title X, that:

"No * * * funds * * * shall be used to make payments on loans to any individual unless such individual (1) has executed and filed with the Commissioner an affidavit that he does not believe in, and is not a member of and does not support any organization that believes in or teaches the overthrow of the U.S. Government by force or violence or by illegal or unconstitutional methods."

We find such a test oath repugnant to our national and academic traditions. It establishes vague criteria of loyalty by which individuals, including minors, must gage their conduct at the risk of criminal liability. It is of doubtful constitutionality in a first amendment area. Finally, the clause is invidious, singling out persons in education as objects of particular suspicion.

Therefore we urgently request you to support current measures to repeal this provision which, by raising questions of conscience and constitutional legality, prevents the full accomplishment of the admirable purposes of the 1958 act.

Mr. BUSH. Mr. President, I have received a letter dated March 9, 1959, from Louise W. Holborn, president of the Connecticut College Chapter of the American Association of University Professors, and organization having 67 active members. The association expresses its opposition to the oath which has been written into the Defense Education Act.

Mr. President, this oath, in its present form, is offensive to many persons, particularly those who are members of faculties and who are students in educational institutions. I believe the provision for the oath in this act adds nothing to the value of the legislation. So long as it is offensive to so many persons of intelligence, it should be stricken from the law. For that reason, I shall support the Kennedy amendment which has been offered for that particular purpose.

Mr. President, I ask unanimous consent that the letter from Louise W. Holborn be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONNECTICUT COLLEGE,
DEPARTMENT OF GOVERNMENT,
New London, Conn., March 9, 1959.

The Honorable PRESCOTT BUSH,
United States Senate, Washington, D.C.

MY DEAR SENATOR: We would like to inform you that the Connecticut College Chapter of the American Association of University Professors (67 active members) voted unanimously on February 19, 1959, its support of the draft bill H.R. 284 (THOMPSON, of New Jersey) providing for the repeal of the disclaimer affidavit requirement in the National Defense Education Act of 1958. Including in this resolution was the support of the other two items of the bill:

1. National defense scholarships: \$30 million a year for 3 years, and related sums for continuance.

2. Elimination of emphasis upon eligibility by virtue of superior capacity in science, mathematics, and modern languages, and substitution of general superior capacity.

Members of the chapter expressed several objections to the disclaimer affidavit requirement including that (1) it would do nothing to protect the country; (2) it tends to single out one profession as being less loyal than others; (3) it is unfair to require an individual to swear that he is not a member of a subversive organization without specifying

ing more adequately what organizations are meant.

Yours very sincerely,

LOUISE W. HOLBORN,
President, Connecticut College Chapter,
AAUP.

NEED FOR COLLEGE HOUSING

Mr. RANDOLPH. Mr. President, on July 7, following the President's veto of the housing bill, I stated that regardless of what we think of a further attempt at compromise, I believed we should vote on this much-needed legislation. I reiterate that the attempts to pass a new measure, or override the veto, should come as expeditiously as possible consistent with good practice.

As a cosponsor of the original Senate bill, I feel strongly that it is vitally important to the Nation and our citizens, that adequate housing legislation be passed during this session of Congress.

Several letters and telegrams from college presidents in our State of West Virginia have been received expressing disappointment and concern that the bill was vetoed, thereby curtailing assistance for urgently needed college housing projects now under way.

I ask unanimous consent that these communications be printed at this point in the RECORD.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

SALEM, W. VA., July 10, 1959.

HON. JENNINGS RANDOLPH,
Senate Office Building, Washington, D.C.:

Since Salem College has application for dormitory loans, we are concerned about the fate of the housing bill. Hope logical and proper action will be taken by Congress.

DUANE HURLEY,
President, Salem College.

WEST VIRGINIA STATE COLLEGE,
INSTITUTE, W. VA., July 10, 1959.

Senator JENNINGS RANDOLPH,
Senate Office Building, Washington, D.C.

DEAR SENATOR RANDOLPH: I sincerely solicit again your support of efforts now being made in Congress to clear approval of the housing bill.

I understand that unless this bill is cleared West Virginia State College will not be able to obtain funds from the Housing and Home Finance Agency to construct a much-needed student union building on its campus. The application of the college for this project is now under review in the Philadelphia regional office of this agency.

I hope that Federal money can be made available for this type of construction and other needed construction for institutions of higher education, as provided for in this bill.

Yours sincerely,

WILLIAM J. L. WALLACE,
President.

MARSHALL COLLEGE,
Huntington, W. Va., July 9, 1959.

The Honorable JENNINGS RANDOLPH,
U.S. Senate, Washington, D.C.

DEAR SENATOR RANDOLPH: I deeply appreciate your part interest in the housing bill and, in particular, the proposed men's dormitory and dining hall at Marshall College, which now must be postponed indefinitely because of President Eisenhower's veto of bill S. 57. I urge you to do everything you can to make it possible for us as well as other institutions of higher education to se-

cure loans to build needed college housing facilities.

With kind personal regards, I am,
Sincerely yours,

STEWART H. SMITH,
President.

WHEELING COLLEGE,
Wheeling, W. Va., July 17, 1959.

HON. JENNINGS RANDOLPH,
U.S. Senate, Washington, D.C.

DEAR MR. RANDOLPH: It was with deep regret that I read of the veto of the college housing bill. Without financial help of this nature, it is impossible for colleges in this day and age to expand the way they shall have to expand to fulfill their obligation to the young men and women of tomorrow.

Having been a director of admissions immediately after the Second World War, when the so-called GI bulge hit colleges, I can appreciate very realistically what is going to happen when the wartime-baby avalanche reaches the colleges. In 1946, because of lack of room, we accepted approximately 700 freshmen at Georgetown College and turned away approximately 3,000.

I can also speak realistically from the experience I have had in my present job, that of trying to get a new school organized. As you know, Wheeling College opened its doors for the first time in 1955. Every year, in the past 4 years, housing has been a problem. Only last year, the priests gave up their residence on campus to the students and moved into an orphan asylum about 3½ miles away. At long last, a dormitory for 158 girls will be ready by December 1. This would have been impossible but for Government loans.

I have been very closely associated with the presidents of the other independent colleges of West Virginia for 4 years, and I know that in spite of the age of their colleges, every one of them is in dire need of some assistance from the Government to satisfy the expanding needs of today.

I sincerely hope that you will support the housing bill when it is brought to your attention again.

Sincerely,
LAWRENCE R. McHUGH, S.J.,
President.

VISIT TO THE SENATE BY THE HONORABLE TAKEO MIKI, A MEMBER OF THE JAPANESE DIET

Mr. HICKENLOOPER. Mr. President, today the Senate is honored by the presence of a very distinguished visitor from Japan, the Honorable Takeo Miki, a Member of the Japanese Diet. He has been a Member of that body since 1937.

He is well acquainted with the United States. He attended school and college in this country, and obtained a part of his education in California.

Mr. Miki is currently a leader of the political government of Japan. He is also connected with, and in the past has been connected with, various substantial business enterprises in Japan.

Mr. Miki is making a visit to our country, to renew his acquaintance. He will also make a tour of Europe, before he returns to Japan.

It is my pleasure to present to the Senate, Mr. President, the Honorable Takeo Miki, of the Japanese Diet; and I ask that he stand.

[Applause, Senators rising.]

MUTUAL SECURITY ACT OF 1959— CONFERENCE REPORT

Mr. FULBRIGHT. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. McGEE in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report.
(For conference report, see House proceedings of July 21, 1959, pp. 12660-12664, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that during the consideration of the conference report on the Mutual Security Act of 1959, 10 minutes be allotted to each side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. FULBRIGHT. Mr. President, I yield myself 10 minutes.

Mr. President, I shall not take much time of the Senate in presenting the conference report on the Mutual Security Act. I ask unanimous consent to have printed in the RECORD at the end of my remarks a table showing in detail the amounts authorized to be appropriated as well as a statement dealing at somewhat greater length with the action of the conferees.

The PRESIDING OFFICER. Without objection, it is so ordered.
(See exhibits 1 and 2.)

Mr. FULBRIGHT. Mr. President, the conference report represents a sound compromise of the differences between the two Houses. It is a bill which in many respects is better than that requested by the administration, though it still falls short of the bill reported by the Foreign Relations Committee. It is a bill, however, which deserves the support of the Senate.

It authorizes total appropriations of \$3,556,200,000 for 1960 plus \$1.1 billion more to be advanced to the Development Loan Fund during fiscal 1961. The Senate had authorized \$3,543,320,000 and the House \$3,542,600,000, against an administration request of \$3,909,400,000. The total in the conference report is somewhat greater than the total in either the House or Senate version because, although the two Houses were very close to each other overall, they were rather far apart on certain individual items and the adjustment of these individual differences resulted in the totals which I have mentioned.

There are two points in regard to authorized amounts which deserve special emphasis.

First, in regard to capitalization of the Development Loan Fund, it will be re-

called that the Senate had authorized an appropriation of \$2 billion, of which \$750 million could be advanced in fiscal 1960 and \$1,250 million in fiscal 1961. The House had simply authorized an appropriation of \$700 million. I am glad to say the House conferees accepted the principle of the Senate provision, though the total amount was reduced to \$1.8 billion, of which \$700 million may be advanced in 1960 and \$1.1 billion in 1961. This is no idle gesture on the part of the conferees. Although I think this method of financing is far less preferable than the borrowing authority provided by the Foreign Relations Committee, this is the method advocated by the administration and approved by Congress. I hope it will at least be given a fair trial. This means that the full amount—\$1.8 billion—should be appropriated now, as authorized. The bulk of this amount—\$1.1 billion—cannot actually be advanced to the Fund until next year, but it is important to the Fund's operations that its directors know now that they can count on this money next year and that it will not then be subject to the whims and caprices of the appropriations process.

Second, the conferees deleted Senate provisions earmarking military assistance funds for NATO and for an international military force under the control of the Organization of American States. The overall reduction in military assistance funds lends weight to the argument for administrative flexibility.

Furthermore, the Senate conferees took note of the executive branch intention, as communicated to the conference committee, that it will continue to give NATO requirements priority consideration in programing funds available. We expect the executive branch to do exactly that.

I should also like to point out that abandonment of earmarking for an OAS military force does not mean abandonment of the principle that such a force is greatly to be desired, but rather recognition of the difficulties of bringing one into being in the next year. I hope that what will happen in the next year, however, will be active, good faith exploration of the idea so that some progress may be reported to the Senate.

Mr. GORE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. GORE. Mr. President, the conferees on the part of the Senate have done good work, in my opinion, and are to be congratulated. The chairman of the Committee on Foreign Relations has brought to the Senate a conference report which deserves the support of the Senate.

I hope the chairman of the committee will not find it disagreeable, however, if I express disappointment that the conferees on the part of the Senate were unable to persuade the conferees on the part of the House to accept an authorization to earmark, at least, a considerable portion of the funds for military assistance to Latin America for the Organization of American States.

I concede it is true, as the statement on the part of the managers of the House asserts, that the Organization of American States is not organized at present to utilize funds for the purpose of establishing hemispheric defense and a hemispheric police force. Even so, the availability of funds for this purpose would, in my opinion, serve as a strong stimulus for the creation of such an organization by means of which such funds could be used and such a force could be created.

It happens that this provision was the only constructive contribution I was able to make to the bill. I voted on the various amendments; but this particular provision was one I originally offered, and in which I have a deep interest.

Therefore, I hope the Senator from Arkansas will not find it objectionable when I state that I am disappointed that this provision has been omitted from the conference report. I express the hope that at another time, on a better day, he will join me in an effort to bring about the creation of such a military force, available to the Organization of American States as a police force within the hemisphere and as an integrated, usable force for hemispheric defense.

Mr. FULBRIGHT. Mr. President, I appreciate very much the statement the Senator from Tennessee has made. As a matter of fact, I join him in endorsing that proposal. As he knows, I voted with him on it in the committee, and I think the proposal is absolutely sound.

The House conferees were very positive in their view on this matter; and they made strong arguments to the effect that, because of the very unsettled and difficult conditions in Cuba and other areas, this is a very bad time to make such a requirement, although they, themselves, admit there is merit in the idea of moving in this direction.

We hope that the fact that we included the provision in the Senate version of the bill and the fact that this provision has been the subject of much discussion and debate will cause the administration in consultation with the Organization of American States to examine the proposal and to make plans for developing it.

I may say that the provision of the conference report which requires that military aid in this area during fiscal 1960 be restricted to amounts not exceeding those available this year is a clear warning that the administration should move in this direction if it expects assistance beyond that amount in the future.

We felt that, in the final analysis, the compromise language now included in the conference report was the best we could obtain under the circumstances.

Mr. GORE. Mr. President, will the Senator from Arkansas yield further to me?

The PRESIDING OFFICER (Mr. HARTKE in the chair). Does the Senator from Arkansas yield further to the Senator from Tennessee?

Mr. FULBRIGHT. I yield.

Mr. GORE. I recognize the cogency of the argument advanced by the conferees for the other body. But even so,

this provision of the Senate version of the bill is the first material start which has been made toward a practical implementation of what the chairman of the committee has described as a good idea. I believe it was a practical approach. I believe it would serve as a stimulus to, as an attraction to, as a carrot, so to speak, and as an encouragement in this direction. I welcome the endorsement by the chairman of the committee of the purpose, and I assure him that my effort will be renewed on a better day.

Mr. FULBRIGHT. I thank the Senator from Tennessee.

Mr. JAVITS. Mr. President, will the Senator from Arkansas yield briefly to me?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. I should like to express to the Senator from Arkansas my appreciation for the inclusion in the conference report of both the amendments which I offered to the bill. I hope very much he will maintain the great interest which he has shown in both these provisions. One of them relates to fortifying the position of the private economic system in participating in the objectives of the act; and the other provision—a new one—would have us see what we can do about partnerships with our allies in the field of economic aid.

Mr. FULBRIGHT. I thank the Senator from New York. I think his amendments are very useful, indeed; and I am glad they were kept in the conference report.

Mr. JAVITS. I am very grateful to the Senator from Arkansas.

Mr. JOHNSON of Texas. Mr. President, I desire to call the attention of the Senator from Arkansas to the statement of the House managers which appears on page 35—namely, the reference to chapter VI, for the Center for Cultural and Technical Interchange Between East and West.

As I understand from the statement by the managers for the House, the Senate version of the bill provided that in order to promote better understanding between the peoples of the Far East and the United States, the Secretary of State should present to Congress a plan for the establishment in Hawaii of a Center, to be called the Center for Cultural and Technical Interchange Between East and West, where students, scholars, and technicians from the East and the West could meet and cooperate.

The Senator from Arkansas will remember that I, along with the distinguished Delegate from Hawaii, Mr. BURNS, whose vision had so much to do with bringing this idea to fruition introduced such proposed legislation; and the Senate Foreign Relations Committee reported it to the Senate. I should add that Representative BURNS was helped by Representative D. S. SAUND. Later, we submitted that bill as an amendment to the mutual security bill; and the Senator from Arkansas was kind enough and considerate enough to accept that amendment.

My information from the statement by the managers for the House is that the House deleted several words, but that the

provision of the conference report carries out, in substance, that provision of the Senate version of the bill. The conference report deletes the words "which shall provide," but this provision of the conference report reads in part, as follows:

* * * The Secretary of State * * * shall on or before January 3, 1960, prepare and submit to Congress a plan and program for—(1) the establishment—

And so forth. So there is no real substantive difference between the two versions.

Mr. FULBRIGHT. Mr. President, I have previously stated that I am unable to see any distinction between the meaning of the provision voted by the Senate and the meaning of the provision of the conference report to which the Senator from Texas has referred. The managers on the part of the House seemed to take the same position. I could see no harm at all in the change which was made; and I believe this provision of the conference report will result in exactly what the Senator from Texas [Mr. JOHNSON] wishes—namely, the presentation to the Congress of such a plan, next January.

Mr. JOHNSON of Texas. Mr. President, I congratulate the Senator from Arkansas on his accomplishment in that respect.

I ask unanimous consent to have printed at this point in the RECORD an excerpt in regard to this specific item, from the statement by the managers on the part of the House.

There being no objection, the excerpt from the statement was ordered to be printed in the RECORD, as follows:

CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST (SECS. 601-603)

Chapter VI (secs. 601-603) of the Senate bill provided that, in order to promote better understanding between the peoples of the Far East and the United States, the Secretary of State should present a plan to Congress for the establishment in Hawaii of a Center, to be called the West Center for Cultural and Technical Interchange Between East and West where students, scholars, and technicians from the East and West could meet and cooperate. The Senate amendment called for the submission to Congress on or before January 3, 1960, of a plan and program which shall provide for—

1. the establishment and operation in Hawaii of the Center through arrangements to be made with public educational or other nonprofit institutions;

2. grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and West;

3. grants, scholarships, and other payments to qualified candidates for study at the Center from both East and West; and

4. making the facilities of the Center available for study to other qualified persons on a reasonable basis.

Provision is also made for such appropriations as may be necessary to carry out the provisions of the chapter.

The managers on the part of the House accepted the Senate amendment with the deletion of the words "which shall provide". The language agreed upon is intended to give greater scope to those preparing the plan and program. It is understood that in submitting the plan the Secretary of State may also inform the Congress as to the feasibility and desirability of the entire program envisioned by the Senate amendment.

Hawaii is the crossroads of the East and the West. Here the cultures of Asia and of Europe and of the Americas have met and have learned to live together. Consequently, it is most appropriate that a center such as this should be established in Hawaii where cooperation has been the rule for many years.

Such a center can do much to break down barriers between the East and the West and encourage cooperation. Thereby, international tensions will be reduced, and the chances for world peace will be enhanced. The bringing together of scholars and technicians from the East and West will increase human understanding, will facilitate the development of technical knowledge in the East, and will reduce friction between the areas.

Mr. DIRKSEN. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 1 minute.

Mr. DIRKSEN. I wish to ask a question and make an observation.

The major change, as I see it, in the provisions in regard to the Economic Development Fund is the one which reduces the amount from \$2 billion to \$1,800,000,000, distributed on the basis of \$700 million and \$1,100,000,000.

Mr. FULBRIGHT. That is correct—plus, I may add, the military assistance provision. Those were the two big changes.

Mr. DIRKSEN. That is correct.

I suggest to the chairman of the committee that the table which appears on page 16 of the statement by the managers for the House might very well be printed in the CONGRESSIONAL RECORD.

Mr. FULBRIGHT. I believe that when the minority leader was not listening to my remarks, I asked and obtained consent to have the table printed in the RECORD at the conclusion of my remarks.

Mr. DIRKSEN. Then let me suggest that the first column of the table sets forth the amounts carried in the House version of the bill; the second column shows the amounts provided by the Senate amendment; and the third column shows the amounts provided by the conference substitute. The remaining columns show a comparison. But the table does not include the original budget requests.

Mr. FULBRIGHT. Those figures are in the table which I have submitted. The table shows the amounts of the administration's requests, the amounts provided by the House version of the bill, the amounts provided by the Senate version of the bill, and the amounts provided by the conference report.

Mr. DIRKSEN. Let me ask whether the conference report is a unanimous one.

Mr. FULBRIGHT. It is.

In that connection, I wish to say that the House conferees were extremely cooperative; and the conference was one of the most fruitful and, I believe, one of the most agreeable I have ever attended.

Mr. MANSFIELD. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield to the Senator from Montana.

Mr. MANSFIELD. I think it should be pointed out that in many respects

the conference report represents an extremely good measure. For the first time there is no question about where the authority lies—namely, in the person of the Secretary of State. For the first time we shall have an inspector general who will be able to look into difficulties which occur in various parts of the world, and will have the right to discharge and to report; and for the first time there will be a shift, on a 2-year basis of military aid into the Defense Department.

There are other changes which strengthen this measure—not the least of which, of course, is the provision for the creation of the Cultural and Technical Research Center, in Hawaii, which both the House and the Senate agreed to unanimously, and which I believe will furnish a great forward impetus in the relations between the Occident and the Orient. I think in this respect much credit should go to our distinguished majority leader, the senior Senator from Texas [Mr. JOHNSON], and the coauthor of the proposal, Delegate BURNS, in the House. Together they formed a great team. They have accomplished something which will redound to the benefit of our country for many years to come. They have succeeded, through the proposal, in helping to bring about a better relationship between the Orient and the West which has been long overdue. In my opinion, the bill is a distinct improvement over what was presented to us by the administration.

The PRESIDING OFFICER. The 2 minutes yielded to the Senator have expired.

Mr. DIRKSEN. Mr. President, I yield 1 minute to the chairman of the committee.

Mr. FULBRIGHT. Mr. President, I have been interrupted. I am only half through my statement. I need another 5 minutes. I wonder if the request for time could be revised.

Mr. DIRKSEN. Let me yield 2 minutes first to the distinguished Senator from Vermont [Mr. AIKEN], and there may be 5 minutes left for the chairman of the committee.

Mr. MANSFIELD. If not, we will get it.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the Senator from Vermont.

Mr. AIKEN. Mr. President, I shall not use the entire 2 minutes. I merely wish to say that the bill as it comes from the conference committee is probably a better bill than that which passed either the House or the Senate. I believe the authorizations for appropriations will be adequate, provided the Appropriations Committee does not make any serious cuts in the authorizations.

The bill does not permanently settle the question, but it helps to bring about economic improvement in underdeveloped countries to the extent that it can be done this year. The authorizations in the bill will be adequate to enable the executive branch to accomplish excellent results, provided the appropriations are not cut materially by the Appropriations Committee.

I am very glad to recommend that the Senate approve the conference report.

Mr. DIRKSEN. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Illinois has 6 minutes remaining.

Mr. DIRKSEN. I yield 5 minutes to the chairman of the committee.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 5 minutes.

Mr. FULBRIGHT. I yield first to the Senator from Idaho [Mr. CHURCH].

Mr. CHURCH. Mr. President, first of all—

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the chairman of the committee, the Senator from Arkansas, may have an additional 5 minutes, without its being charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CHURCH. Mr. President, first of all, I want to commend the distinguished Senator from Arkansas for the excellent work he and the other conferees have done in reconciling the Mutual Security Act as passed by the Senate with that passed by the House of Representatives.

I have said before, and I should like to say again, I think both the Senate and the country are fortunate in having the learned Senator from Arkansas as the chairman of our Foreign Relations Committee.

Mr. FULBRIGHT. I thank the distinguished Senator from Idaho.

Mr. CHURCH. I am very glad the conferees were able to retain in the final version of the bill the provision which I sponsored originally in the Senate Foreign Relations Committee, relating to information policy.

I note that the conference report retains in the bill section 550, which appears on page 11 of the report, and which reads as follows:

SEC. 550. INFORMATION POLICY.—The President shall, in the reports required by section 534, or in response to requests from Members of the Congress or inquiries from the public, make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States.

Mr. President, I think our past experience has demonstrated there is excessive secrecy cloaking the mutual security program. Matters that have come to the attention of the committee, such as the case of the tracking base off the shores of Brazil, and recent disclosures, most unfortunate, indeed, relating to the administration of the foreign aid program in Vietnam, all indicate that information has been classified for the purpose of purely administrative convenience, not related at all to the real security needs of the country.

I am hopeful that in retaining the provision in the conference report, we shall have written into the law a new policy that will keep classification of information within proper limits in the future.

Mr. FULBRIGHT. Mr. President, I thank the Senator from Idaho for his comments. The Senator from Idaho deserves great credit for that provision. I am glad it is retained in the bill. I think it will make a great contribution

to a better understanding of the legislation.

I may say the Senator from Idaho was extremely useful in the consideration of the bill. He was very attentive and made a fine contribution.

Mr. CHURCH. I thank the Senator.

Mr. FULBRIGHT. Mr. President, I yield to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, in the discussion which took place on the floor of the Senate when the mutual security bill was being considered, I asked the majority leader certain questions pertaining to the establishment of the center in Hawaii. In answer to my questioning the majority leader stated it was understood that the State Department would, in working on this proposal, express an opinion concerning the feasibility of the establishment of the center.

I should like to ask whether it is the understanding of the chairman of the committee that the State Department will still express an opinion concerning the fiscal and general feasibility of establishing the center.

Mr. FULBRIGHT. I have no doubt whatever that, in connection with a plan for its establishment, the Department will advise the committee, and the Senate through the committee, of the practicability of the establishment of the center. I may say to the Senator the change in language which the House conferees insisted upon, in my view, makes no difference in the meaning of the language. That is one reason why the conferees on the part of the Senate agreed to it. We did not think it made any real difference.

Mr. LAUSCHE. The Senator from Texas just pointed out to me that on page 35 of the report it contained this statement:

It is understood that in submitting the plan the Secretary of State may also inform the Congress as to the feasibility and desirability of the entire program envisioned by the Senate amendment.

Mr. FULBRIGHT. That is correct.

Mr. LAUSCHE. That answers my inquiry.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I wish to concur with the sentiments and statements expressed about the fine leadership given to us by the chairman of the committee in developing this conference report. I likewise wish to compliment and commend the House conferees, who cooperated so well in making the conference report a reality.

To my mind, the bill is a much better one than the one which came from either House. I believe it is well balanced in terms of military and economic assistance, as well as technical cooperation. It also centers on the objectives expressed in the statement of policy.

The emphasis upon the statement of policy should not be overlooked, because the statement of policy in the Mutual Security Act of 1959 is a change from the emphasis stated in prior acts. It is directed more to the economic development and growth of underdeveloped areas.

Finally, I shall not take the time of the Senate to read it, but I ask unanimous consent to have printed in the RECORD a statement relating to section 501 (a) and (b), "International Cooperation in Health," particularly as it relates to subparagraph (b), under which the sum of \$2 million has been made available to carry out the purposes of that subsection. It relates to research, studies, field surveys, trials, and demonstrations to determine the feasibility of future intensive programs for the reduction, control, or eradication of disease problems of international importance.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY THE HONORABLE HUBERT H. HUMPHREY, DEMOCRAT, OF MINNESOTA, ON FIVE HEALTH PHASES OF MUTUAL SECURITY CONFERENCE REPORT

I should like to state as a matter of public record that, I believe the conference committee report as it concerns health phases of the mutual security bill represents a considerable forward step forward better health for mankind.

I refer to five phases in particular:

FOREIGN CURRENCIES FOR RESEARCH

First, I am pleased that section 104(k) of Public Law 480 has been further liberalized. It will be recalled that this is the subsection which was enacted in last year's mutual security bill at my instance.

Under the new version of this section, as described on page 36 of House Report 695, Federal agencies will be given further a green light to apply, in larger measure, for foreign currencies for purposes of dissemination of medical information and for the conduct of medical and scientific research abroad. I trust that the executive branch and, in particular, the Bureau of the Budget, will note Congress' intent and act accordingly.

NEW POLISH CHILDREN'S HOSPITAL

Secondly, I call to the Senate's attention the favorable action represented by the amendment to section 400(c) of the mutual security law.

This is the subsection which now will authorize the President of the United States to use foreign currencies credited to our country from the sale of our farm commodities and on certain other programs for new purposes of support of research hospitals sponsored abroad by American citizens. While the final amendment is not as broad as I, for one, would have hoped, it does represent a substantial step forward. (I, for example, had hoped that the Battle Act would be waived with respect to use of U.S. dollars, in addition to being waived with respect to use of foreign currencies for this purpose.)

In any event, American-sponsored hospitals abroad, like American-sponsored schools abroad, can represent to foreign peoples a true image of the United States, the image of an America which is genuinely compassionate, genuinely concerned with the well-being of mankind.

I cite now what, I mentioned in an address in Chicago on May 3, as a great goal which will get underway with this amendment. This is the proposed 200-bed hospital for the treatment of children's diseases to be constructed in Krakow, Poland, under the auspices of the American Research Hospital for Children in Poland Committee.

I should like to state that virtually from the start of the 86th Congress, I have been pleased to work on this project.

It had come to me originally in my capacity as a member of the Committee on For-

eign Relations and as chairman of an international health study, which is being conducted by the Senate Subcommittee on Reorganization and International Organizations.

Month after month, I have endeavored to move this project ahead, in conjunction with the man who, more than any single individual, is responsible for it. I refer to the secretary of the committee, Mr. Wladek O. Biernacki-Poray, a member of the American Institute of Architects. Mr. Biernacki-Poray, has not only given of his talents generously and selflessly without a penny of compensation, but he has done so even at the sacrifice of attending to personal business in order that this hospital project might move full speed ahead.

TRIBUTE TO CONGRESSMAN ZABLOCKI

No single legislator, however, deserves more credit for favorable action on this amendment, than the distinguished representative from the Fourth District of Milwaukee, the Honorable CLEMENT J. ZABLOCKI.

A devoted and esteemed member of the House Committee on Foreign Affairs, Congressman ZABLOCKI's has worked with zeal and determination for the hospital project.

I also wish to commend and applaud the splendid efforts of the junior Senator from New Jersey [Mr. WILLIAMS], along with another dedicated legislator from the Garden State of New Jersey, Congressman FRANK THOMPSON.

HUMPHREY AMENDMENT FOR FIELD TRIALS

Third, I note the action making available, as indicated on pages 43 and 44 of H.R. 7500, the sum of \$2 million for research, field trials, surveys and demonstrations for the testing of drugs and techniques which can lead toward the mass eradication of disease problems of international significance. I offered this amendment in the Senate where it was approved.

Let it be noted however, that the \$2 million which will now come from the President's \$155 million of contingency funds should be for new field surveys, demonstrations and trials.

We do not want this \$2 million used for existing programs—e.g., for the conduct of the antimalaria effort, as important as that is. I yield to no one in this Chamber in my dedication to the carrying through of the present great malaria program. But what I seek through this \$2 million is the opening up of a bold new chapter against additional diseases.

My thesis is simple. In the emerging countries of the world, millions of individuals do not suffer from malaria alone. Any given individual may suffer from one or several types of intestinal worms and from one or two or three other major diseases.

If we are to cure him of malaria, he may still be flat on his back, unable to provide for himself and his family, because of other diseases with which he is afflicted. We must, therefore, find inexpensive mass methods for coping with these other diseases.

The question may be asked: Which diseases? The answer depends on what the experts in the bilateral and multilateral health organizations decide. The diseases might include shistosomiasis, tuberculosis, trypanosomiasis, infantile diarrhea, etc. Every one of these diseases is of devastating proportions to scores of millions of innocent sufferers.

Therefore, this \$2 million is specifically for subsection (b), pages 43 and 44, of the bill. I emphasize subsection (b) because that is the only new substantive subsection in this connection. What I am saying is in effect the intent of paragraph 2, page 35, of the conference report which points out the separate quality of this program.

AMPLIFICATION OF THE REAL MEANING OF SECTION 501(b)

I reiterate the language in the second paragraph, particularly the words "this program," which obviously refer to the program specified in subsection 501(b). This subsection was added by my own amendment. It clarifies the intent of the conferees that the \$2 million should be used (in the language in the first paragraph of page 35) "to undertake projects to determine the feasibility of programs for eradication of diseases of international importance."

The purpose of this amendment was clearly spelled out in my remarks on the Senate floor when I introduced an earlier version of this amendment, and when I presented the present form of the amendment which was subsequently adopted in effect by the conference.

I trust that this explanation will obviate the misinterpretation of subsection (b), which uses the word "section" instead of "subsection" as the last word. Under such misinterpretation, the program might be misconstrued as merely a directive that \$2 million be available from the contingency fund for any of the broad purposes delineated in subsection (a). If this were done, for example, merely to augment the funds budgeted for the malaria eradication program, it would be a worthwhile purpose, but it would definitely not conform to the congressional intent expressed in subsection (b).

I am writing today to the Director General of WHO, Dr. M. G. Candau, and to Surgeon General Leroy Burney, inviting their attention to this new provision.

My hope and expectation is that these two distinguished leaders and their staffs, together with Pan American Health Organization and International Cooperation Administration officials will realize the fullest potentials of this amendment, despite the relatively modest size of the sum involved.

NEED FOR MALARIA FUNDS

Now, fourth, on malaria itself, my studies on malaria eradication program convince me that it should be augmented in fiscal year 1960 by approximately \$5 million above the illustrative budget estimate of \$35 million. At the last World Health Assembly, Pakistan announced that it was ready to inaugurate a nationwide eradication program. Pakistan is not included in the budget estimate for this program. Yet we are spending many millions of dollars in Pakistan under defense support in an effort to supply many consumer goods that Pakistan could not otherwise import because of the shortage of foreign exchange. Virtually all of the expenditures under the bilateral malaria eradication program go for providing insecticides and supplies which the host country must import from the United States, and which it could not, without the existence of this program, import in sufficient quantities to afford all-out eradication.

I can think of no purpose where we could more wisely or effectively or prudently spend mutual security dollars in Pakistan (or for that matter, in any other country that needs such help) than in this program of eradicating the disease that has so long been such a hindrance and impediment to the energies of the people on whom increased production and development depend.

It would be inconceivable to me that the executive branch, in allocating whatever funds are finally appropriated for defense support, for special assistance, and the contingency fund, would fail to allocate whatever sums are necessary for expanding and expediting this urgently required program. I call attention to the language of the Senate report on this bill, as directing that additional funds be utilized, if this is found to be feasible.

The illustrative budget also includes only three countries in all of Africa. Recent pilot projects have demonstrated the practicability of expanding eradication into other parts of Africa. Certainly, if additional assistance is needed in Africa, and I am convinced it is, I submit that nothing more effective can be done for the people in that area than eradicating this dread disease from their midst. The cost per capita annually for this program in Pakistan is estimated at 10 cents with a slightly higher cost in Africa. Surely our objectives can be more effectively accomplished by allocating even 1½ percent of the total mutual security funds for so effective a program as this has been demonstrated to be.

I believe other health programs included in the budget should likewise be augmented and there is full authority in the act for this to be done. I hope too that the appropriation act which will follow this authorization act will fully implement these goals.

DONATION OF SOYBEAN MEAL

Fifth, I should like to say a word on another amendment that I offered and which remains in the bill, that to section 402. In utilizing the new authority for grants under section 402, it is my hope that some commodities may be purchased with mutual security funds, and utilized in programs of donation to needy peoples abroad that are not now being utilized and which may be unsuitable for domestic donation programs. I particularly refer to soybean meal, which has been utilized in private relief operations abroad so effectively by Meals for Millions Foundation as multipurpose food. This product affords a much needed protein in the meager diets of millions of hungry peoples abroad, and its cost is infinitesimal in relation to its efficacy. Three cents will provide one-third the minimum daily requirements for an adult for protein and most nutrients except vitamin C.

NEW SUBCOMMITTEE PUBLICATION ON CANCER

Finally, it is appropriate to make these comments on the health amendments of the Mutual Security Act on the very day when the subcommittee releases the fifth in its series of publications, entitled "Cancer: a Worldwide Menace."

It will, I believe, represent another forward step in the universal effort against this particularly dreaded affliction which is today the No. 2 killer in the United States, destroying, for example, 5,000 Minnesotans and one-quarter million other Americans last year.

In include now in the record the text of a release which I have issued pointing up the significance of this particular publication.

In so doing, I express my appreciation to all of my colleagues on the subcommittee who have enabled us to make what I believe has been substantial progress under our authorizing resolution, Senate Resolution 42, 86th Congress. I refer to the distinguished chairman of the Committee on Government Operations, the senior Senator from Arkansas [Mr. McCLELLAN], who is also a member of this subcommittee; and to the junior Senator from Maine [Mr. MUSKIE], the junior Senator from Alaska [Mr. GRUENING], the senior Senator from South Dakota [Mr. MUNDT], and the senior Senator from Indiana [Mr. CAPEHART].

FUTURE PUBLICATIONS

In the weeks and months ahead, our subcommittee will be issuing additional reports. This will include, among others:

"The National Science Foundation and the Life Sciences";

"The American Pharmaceutical Industry and International Health";

"Patterns of Incidence of Major Diseases Throughout the World"; and

"American Voluntarism and International Health."

UNITED STATES AND THE SOVIET UNION SHOULD DECLARE ALL-OUT WAR AGAINST CANCER

JULY 22, 1959.

A future summit meeting between the Soviet Union, the United States, and Allied Powers should declare "a united East-West war against cancer," Senator HUMPHREY H. HUMPHREY, Democrat, of Minnesota, declared today.

"A total, ceaseless international attack against cancer might result in saving many of the one-half million lives which are lost each year from this dread disease in the United States and the U.S.S.R. alone," he added.

In a statement accompanying a new 40-page Senate document on cancer, Minnesota's senior legislator said, "The present inadequate war against cancer must be transformed from a limited, partial attack to a total all-out global assault, waged by the United States, the Soviet Union, and all other nations."

The new document is the fifth in a series issued by an International Health Study of which Senator HUMPHREY is Chairman.

All over the world, 2 million individuals died last year from cancer, the publication states. "This is almost equal to the population of West Berlin, over which the United States and the U.S.S.R. are currently negotiating in Geneva," HUMPHREY stated.

"If the major powers cannot agree politically on Berlin, let the leaders of the major powers at least agree on trying to save the lives each year of as many people as live in Berlin."

The Senator continued, "In January 1957 the President's state of the Union message, invited the Soviets to join in an all-out offensive against cancer and heart disease. When I was in Moscow in December 1958 I was glad to see evidences of some of the efforts along this line. But the total of these efforts is still regrettably very modest.

"Our National Cancer Institute has fortunately arranged for the translation of the main Soviet cancer research journal into English; it is sending to Russia many of our own journals. There has been a limited exchange of individual scientists. In addition, chemicals, to be tested against cancer, have been exchanged. Our National Cancer Institute is gladly sending to the U.S.S.R., on request, samples of cancer-inducing viruses for study.

"Yet, it was not possible for our present committee publication to include statistics on the incidence of cancer in the U.S.S.R. This gap is due to the absence in the United States of any absolute figures, age-adjusted, on specific cancer incidence in the U.S.S.R. Thus far, only relative figures (giving percentages) have been released by Soviet sources.

"In any event, I feel that Soviet scientists have much to contribute to the international conquest of cancer and that they earnestly desire to do so."

The Senate publication shows that cancer tends to strike different organs of the body in different parts of the world. "For example, the rate for breast cancer in Japan is surprisingly much lower than here in the United States. If we knew the answer why that difference occurs, we might perhaps be able to save the lives of thousands of American women. No single type of cancer is, incidentally, more of a menace to U.S. women than breast cancer."

HUMPHREY paid tribute to "the magnificent cancer research and treatment job being performed in American research centers and hospitals." He added however, that many doctors had told and written him that "clues to the cause and cure of the mystery of cancer exist all over the world.

"No good detective passes up important clues, no matter where they show up. But

the unfortunate fact is that, in the present worldwide investigation of cancer, many vital clues are not now being adequately followed up."

Highlights of the report include:

Cancer is the No. 2 killer in the United States (after heart disease).

The economic cost of cancer in the United States is estimated at \$12 billion a year.

Cancer is cutting down one-quarter million Americans each year.

"Coincidentally enough," said HUMPHREY, "when I was in Moscow, Soviet authorities told me that cancer is killing a quarter million Russians each year, also."

Cancer occurs more frequently at older ages, but no age is free of the disease. "In our country, the tragic fact is that more children under 5 now die from leukemia and other types of cancer than from all infectious diseases combined.

"A further grim statistic is that, at birth, the chances of developing cancer in a lifetime are as high as 1 in 5 for every U.S. man and 1 in 4 for every woman. Of course, if we can find the necessary answers, that statistic will be sharply changed for the better.

"For men, the lifetime probability of developing cancer is greatest for the skin and prostate. For women it is greatest for the breast and large intestine."

"The answer to cancer," HUMPHREY concluded in his statement, "is not fear, but an all-out attack. We must use scientific genius everywhere, with modern laboratories throughout the world, well staffed, well financed."

"Seven hundred thousand Americans already suffering from cancer anxiously await news each passing day that a cure has been found. Only around one-third of them are being saved with existing knowledge and technic. Let us not disappoint them and those who may contract this dread affliction in the years ahead."

Copies of the cancer document may be obtained from Julius N. Cahn, Director of the Senate Health Study, room 162, Old Senate Office Building, Washington 25, D.C.

Mr. HUMPHREY. Mr. President, in my statement I shall spell out what I believe to be some of the programs which could be undertaken under the language of the amendment offered by the senior Senator from Minnesota.

Finally, Mr. President, I hope the chairman of the committee will agree with me that the funds set aside for the World Refugee Year are funds which are to be used for the accomplishment of the purposes of the amendment as initially offered in the Senate.

Mr. FULBRIGHT. The Senator is quite correct. I wish to say for the RECORD that the Senator from Minnesota made a great contribution to the bill, in his insistence upon having the money in the bill for International Cooperation in Health, and for the World Refugee Year. The Senator pursued the matter in committee, in the Senate and in the conference. I know future generations will bless his name for what he did in this connection.

I was very glad that the House accepted the Senate provisions in these respects. I will say, since the Senator has mentioned the subject, I think Chairman MORGAN of the House conferees was most cooperative, and I believe he exhibited great statesmanship in the way he handled the conferees on the part of the House. It was a real pleasure to work with the conferees of the House.

Mr. HUMPHREY. I wish to concur in that expression, because the chairman

of the House conferees indeed performed a valuable and courageous service in the conference.

Mr. THURMOND and Mr. MANSFIELD addressed the Chair.

Mr. FULBRIGHT. I yield first to the Senator from South Carolina.

Mr. THURMOND. Mr. President, I should like to ask the distinguished Senator a question regarding page 12, section 602, of the report.

Does not section 602 give the Secretary of State a mandate to at least prepare and submit to the Congress a plan and program for 4 different things?

(1) the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West through arrangements to be made with public, educational, or other nonprofit institutions;

(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and Western World as may be necessary to attract such scholars and authorities to the Center;

(3) grants, scholarships, and other payments to qualified candidates from the nations of the East and West as may be necessary to enable such students to engage in study at the Center; and

(4) making the facilities of the Center available for study to other qualified persons on a reasonable basis.

Does not that language give to the Secretary of State a directive to prepare and submit to the Congress a plan for those four things?

Mr. FULBRIGHT. I think that is correct. It directs the Secretary to prepare plans.

Mr. THURMOND. Does it mean this is the first step in the inauguration of an educational institution in Hawaii?

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. THURMOND. Is it a precedent for the establishment of such an institution in the various States of the Nation?

Mr. FULBRIGHT. It is the first step toward an educational institution in Hawaii, provided the plan is acceptable to the Congress. It is my understanding that in the ordinary development of any kind of institution the first step is to make plans. If a plan is not prepared, of course, nothing can be done. There is no commitment to proceed if it is not desirable and feasible under the plan which is to be submitted.

The PRESIDING OFFICER. The Senator from Illinois has 1 minute remaining.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Arkansas may have 5 additional minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. THURMOND. Mr. President, I ask the majority leader to obtain unanimous consent that I may ask a few more questions.

Mr. FULBRIGHT. Unanimous consent was granted for an additional 5 minutes. I yield to the Senator from South Carolina. There is no commit-

ment to go beyond the plan if Congress does not approve it.

Mr. THURMOND. But the language does require the Secretary to prepare and submit to the Congress a plan for the establishment of a college or university in Hawaii?

Mr. FULBRIGHT. He is required to submit a plan, but at the same time, he could make a recommendation that it is not feasible or desirable. Then, unless the Congress sought to override the Secretary and go ahead on its own, that would be the end of it.

Mr. THURMOND. On page 35 of the report there is this language:

It is understood that in submitting the plan the Secretary of State may also inform the Congress as to the feasibility and desirability of the entire program envisioned by the Senate amendment.

Mr. FULBRIGHT. That is correct.

Mr. THURMOND. Does the distinguished Senator construe the language to mean that the Secretary does have to submit a plan, and that he may inform the Congress as to its feasibility and desirability?

Mr. FULBRIGHT. I think it is clearly implied he will do that. If for any reason—which I cannot imagine—the Secretary wishes not to commit himself on the feasibility of the project, and wishes to leave it to the Congress, he may do so.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. FULBRIGHT. As a matter of fact, we cannot make the Secretary of State or the President express an opinion, if he chooses not to do so.

I will say to the Senator, this is largely a matter of good taste, as to whether we assume to order a man like the Secretary of State or the President to express an opinion. I do not think there is any real substantive difference.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield to me?

Mr. FULBRIGHT. I yield to the Senator from Texas.

Mr. JOHNSON of Texas. Mr. President, the Senator from Ohio [Mr. LAUSCHE] had great concern about whether the Secretary of State might give his views, and particularly as to the feasibility and desirability of the plan. I made it abundantly clear, in response to a question the Senator asked at the time the bill was under consideration by the Senate, that it was the intent of the provision not only to have the Secretary submit a plan but also to comment upon the plan and to give his recommendation concerning its feasibility and its desirability. That is in the RECORD. That is stated again in the statement of the House managers.

I will say for the information of the Senator from South Carolina, and of any other Senator who may care to know about it, that the present Secretary of State told me, when he learned of this proposal in Geneva, that he thought it was a very excellent suggestion; that he communicated with the State Department at that time and did give them his views; and that it was his opinion the Department would support such a program and develop such a plan.

We have a program of a nature going on there now in conjunction with the University of Hawaii. That may be increased to some extent, or it may be re-enforced, or we may have a new program started as the result of this study.

Mr. FULBRIGHT. I will say to the Senator, this is only an initial plan. Congress would have to approve whatever is submitted and also approve an appropriation to implement it. We would have, at a minimum, two more chances to examine whatever may be developed in this connection.

Mr. THURMOND. The language does direct the Secretary to submit a plan to establish a college or a university in Hawaii?

Mr. MANSFIELD. No; not necessarily a university.

Mr. THURMOND. It is a cultural center.

Mr. JOHNSON of Texas. It will be at an existing institution, if possible.

Mr. THURMOND. It is to be a center for Cultural and Technical Interchange. If this precedent is established, it could spread to all of the States of the Nation, could it not?

Mr. FULBRIGHT. The Federal Government a long time ago—100 years or so ago—authorized the establishment of a land-grant college in every State. There is a land-grant college in my State. There is a land-grant college in the State the Senator represents. There is nothing new about it. One of the great institutions in South Carolina was established in accordance with the Morrill Act. There is no precedent-breaking aspect in this connection. Hawaii has become a new State. I think this proposal is in accord with the spirit of the Morrill Act, which started some of the greatest institutions in this country. I believe the distinguished Senator from South Carolina is a graduate of a land-grant college.

Mr. THURMOND. The Senator is correct. The college was established, however, by Thomas G. Clemson, not under the Morrill Act. I correct the Senator in that regard.

Mr. FULBRIGHT. I was under the impression the college was endowed to some extent in pursuance of the provisions of the Morrill Act. At least the University of Arkansas was. I thought Clemson was also.

Mr. THURMOND. It is. Some land was obtained for all the State A. & M. colleges.

Mr. FULBRIGHT. That is correct. It was for all these purposes.

Mr. THURMOND. This is a new type of program which is being advocated.

Mr. FULBRIGHT. I would not say that it is new. It has a little different aspect, in that its purpose is not only to train Americans who attend the institution, but also to receive people from Asia, and to make them acquainted with our country. This activity grows out of the nature of the world in which we now live.

Mr. THURMOND. Of course, if this center is established, it will require several million dollars to establish it, and further millions to operate it in the future.

Mr. FULBRIGHT. That depends on what the plan is.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. Mr. President, I ask that the chairman of the committee may have 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. I should like to ask the chairman if the following is correct: Under the terms of the bill, the Secretary of State now has the tightest control he has ever had over the administration of the program.

Mr. FULBRIGHT. The Senator is correct. The Secretary of State has the responsibility for supervising the program and determining its policy. The committee and the Senator from Montana had much to do with this provision. I think it is an improvement in the bill.

Mr. MANSFIELD. Under the terms of the bill as agreed to in conference, a greater degree of information will be available to the Congress and to the public.

Mr. FULBRIGHT. The Senator is correct.

Mr. MANSFIELD. Under the terms of the bill, with the incorporation of the House amendment creating the position of Inspector General, there will be an opportunity, under the direction of the Secretary of State, whereby the proper safeguards can be provided, and errors and omissions can be corrected.

Mr. FULBRIGHT. The Senator is correct.

Mr. MANSFIELD. Under the terms of the bill, while military aid is transferred directly into the Defense Department for 2 years, it is still under the supervision of the Department of State insofar as policymaking is concerned.

Mr. FULBRIGHT. That is correct.

Mr. MANSFIELD. In the conference version of the bill, the following amendment was agreed to:

(c) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance whereby, wherever practicable, such grant assistance shall be progressively reduced and terminated.

Does that mean what it says?

Mr. FULBRIGHT. Of course, it does; and what it means is very clear from the language, namely, that he shall proceed to develop a plan.

Mr. MANSFIELD. And there is contemplated a shift from grants toward loans.

Mr. FULBRIGHT. That philosophy runs throughout the bill. I regret the deletion in the Senate of the long term Development Loan Fund borrowing authority, because that is almost essential to take up the slack when we discontinue grant aid.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent for 5 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. If the Senator had the kind of Development Loan Fund for

which he fought, which he advocated, and for which he bled, it would mean that to a large extent we could get away from grant assistance, and operate on the basis of long-term loans at low interest rates.

Mr. FULBRIGHT. The Senator is correct.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. JOHNSTON of South Carolina. I believe I understood the Senator from Arkansas to say that this bill would give greater power to the Secretary of State.

Mr. FULBRIGHT. For the supervision and coordination of the program. That is correct.

Mr. JOHNSTON of South Carolina. That being so, and judging from the way the Secretary of State and the State Department have looked after other countries in the past, instead of the interests of the United States, is not that a little dangerous?

Mr. FULBRIGHT. The Department of State was created for the specific purpose of dealing with other countries. It is its responsibility to inform this country with respect to our foreign relations in general, and to look after our relations with other countries of the world. This provision does not change that situation. All it does is to give the Secretary of State more positive direction regarding the supervision of our policy in this connection, so that there will be better coordination between the Defense Department and the Department of State in the administration of the program.

Mr. JOHNSTON of South Carolina. It would give a little more power to say where a dam should be built in a certain country.

Mr. FULBRIGHT. I believe he has complete authority in that regard.

Mr. JOHNSTON of South Carolina. He already has complete power. This measure would give him outright power.

Mr. FULBRIGHT. I do not know that the situation would be changed in that respect. The purpose was to coordinate the military assistance part of the program more closely with the policymaking powers of the State Department.

Mr. JOHNSTON of South Carolina. It covers the entire Government establishment, does it not, and is not limited merely to the State Department?

Mr. FULBRIGHT. That is correct.

Mr. JOHNSTON of South Carolina. The Department of Agriculture could expect the competition to become greater by reason of the construction of dams, making possible the growing of more cotton, tobacco, and other things across the seas, in competition with our people in the United States.

Mr. FULBRIGHT. One of the purposes of the legislation is to help underdeveloped countries develop their productivity, which would involve increased production of the things the Senator has mentioned.

Mr. JOHNSTON of South Carolina. The cost of operating our Agriculture Department has increased about 1,100 percent during the past 6 years, because of the surpluses which have been built up and which cannot be sold to other

countries. Would this bill help that situation to any extent?

Mr. FULBRIGHT. I do not believe there is any relation between the two programs. The reason we have such large surpluses is that our farmers and technicians have developed a productivity far beyond the imagination of anyone 15 or 20 years ago. The farmers are much smarter than they were given credit for being. They are producing twice as much cotton per acre today as they did 20 years ago.

Mr. JOHNSTON of South Carolina. We have also taught the people overseas to grow more.

Mr. FULBRIGHT. We are in the process of trying to teach them to take care of themselves.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. AIKEN. The ultimate authority for the administration of the entire bill rests with the President of the United States, where it has always been.

Mr. FULBRIGHT. The Senator is correct.

Mr. AIKEN. And not especially with the Defense Department, the State Department, or any other agency of Government. The Secretary of State does have authority granted by the bill, but the ultimate authority rests with the President of the United States.

Mr. FULBRIGHT. The Senator is correct. The Secretary of State, of course, is merely an adjunct of the President. He is under the direction and control of the President.

Mr. AIKEN. The powers under the bill are already vested in the President.

Mr. FULBRIGHT. The Senator is correct.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the distinguished chairman of the Committee on Agriculture and Forestry.

Mr. ELLENDER. I was very glad to hear that it is the intent of the administrators of this program to reduce the amount of grant aid as loan funds become available. Is there anything in the bill itself which would force the administrators to follow that course? Is there any specific language in the bill which would effectively reduce the amount of grant aid as more loans are made?

Mr. FULBRIGHT. There is a provision requiring that a specific plan, country by country, for the reduction of grant assistance, be drawn up during the next year. Originally there was a provision requiring the termination at the end of 3 years. That provision was deleted.

Let me say to the Senator from Louisiana that one of the principal reasons why we shall not make greater progress in this direction than we would otherwise have made is the deletion of the 5-year borrowing authority of the Development Loan Fund. We have a provision requiring the elimination of grants, but unfortunately no lending authority commensurate with the need. The lending authority of the Develop-

ment Loan Fund is much too small, looking ahead for 5 years, to accommodate the purpose. Unless we can increase the lending authority of the Fund, I do not believe it is very realistic to say that we are going to get rid of the grant authority. I hope we shall move in that direction.

Mr. ELLENDER. But I would like to point out that the Fund's authority under the pending bill is almost as large as that amount put aside for defense support, which is a fancy name for direct grant assistance. The authorization for defense support totals \$851 million, and the loan authorization is \$700 million.

Mr. FULBRIGHT. The authorization for defense support is \$751 million.

Mr. ELLENDER. It strikes me that with such a large amount provided for loans we could reduce direct grant aid by reducing defense support.

Mr. FULBRIGHT. The Senator knows very well that at present there are certain areas—specifically, Korea, Taiwan, and South Vietnam—which are quite unable to support loans. Loans are designed for areas where the increased productivity would have some reasonable chance of servicing the loans. Those areas are almost on a wartime footing. Grants for those particular areas are necessitated, to a very great extent, by the state of undeclared war, cold war, or whatever one chooses to call it, between Red China and its three neighbors to which I have referred.

So that I think it will be a long time before you can get rid of grant aid in those particular areas, and that takes a big part out of defense support.

As to the remainder of the countries, I would hope we could move completely to a lending program within the foreseeable future. These other countries can assume loans. I think they would prefer it myself. They would rather have loans which may be paid out of increased productivity.

Mr. ELLENDER. May I again point out to my good friend from Arkansas that of the DLF loans already made, 80 percent, as I recall the figure, have been made to countries receiving defense support in large quantities. For instance, Pakistan is getting a major portion of DLF loans. So is South Vietnam. So is South Korea. This leads me to the conclusion that as our loan program grows, so does our grant—or defense support—program. But this is at variance from the announced intent of the DLF program.

Mr. FULBRIGHT. I do not, right at the moment, have those figures at my fingertips, but I think the Senator is in error. For example, very large loans have been made to India, which is a country that does not receive either military assistance or defense support; there are several other countries which do not receive military assistance or defense support.

Mr. ELLENDER. The Senator is correct. India does not receive defense support. Nations do not receive defense support unless they receive military aid, but the point I desire to impress upon the Senator—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent for an additional 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. The point I desire to make is that it is apparent to me our grant program is not being reduced in proportion to the amount of loans made. If the Senator will look at the figures—and I must apologize that I cannot put these figures in the CONGRESSIONAL RECORD for all the people of this country to see, since it has all been classified "secret"—he will find that the major portion of Development Loan Fund loans are being made to countries that have already received bountifully from us in the past through direct grant assistance. It alarms me that there seems to be no effort to reduce the amount of grant assistance, or defense support, or whatever fancy name the administrators of this program choose to call it at this time in proportion to loans being extended.

I asked the question a moment ago as to whether or not there was any specific language in the bill that would bring about this balance—that is, reduce the total of defense support and other kinds of grant aid, as more loans are made. Does the Senator refer to the language in chapter 401(c)?

Mr. FULBRIGHT. That is correct.

Mr. ELLENDER. I quote:

(c) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance whereby, wherever practicable, such grant assistance shall be progressively reduced and terminated.

Mr. FULBRIGHT. That is correct.

Mr. ELLENDER. Is this the only language?

Mr. FULBRIGHT. That is the specific language directed at the point. I would say in general the legislative history and the emphasis upon the Development Loan Fund is directed for that purpose.

Mr. ELLENDER. Well, as I read that paragraph, it simply means that the President will present plans to bring about a certain result, but there is nothing in the bill which would require, once the plans are made, that they be put into effect in order to achieve that result.

Mr. FULBRIGHT. That is correct.

Mr. ELLENDER. Then the President, wherever he thinks this can be done, why, he tells Congress.

Mr. FULBRIGHT. Does the Senator wish to do it, even if it endangers the security of this country? Is it his desire that we stop any assistance in those areas where, generally speaking, this administration and the previous one have considered the situation very dangerous to the continued security of the free world, specifically Southeast Asia, Taiwan, Korea, Turkey, for example? If it is not practicable, if it means the loss of those areas to cut out aid, would the Senator wish then to stop it?

Mr. ELLENDER. No, my point is this—we are being told that as we step

up our loan program we will be able to reduce the grant assistance we are extending. But this contention is not borne out by the facts. That is what I am taking about. I am for a loan program. I always have been. But I do not favor a loan program if it does not bring an end to grant aid. I cannot support a growing loan effort and an accompanying increase in grant aid, as well. As loans increase, grant aid should be reduced.

Mr. FULBRIGHT. Well, the Senator did not give much support to the loan proposal of the committee.

Mr. ELLENDER. I admit I did not follow my good friend from Arkansas on his 5-year direct-borrowing loan program for the Development Loan Fund, and I am proud of that fact. Originally, the Marshall plan envisioned the extending of loans to help rebuild war-torn Europe, but our administrators thought such a plan too slow. So they started making grants, an approach diametrically opposed to the proposal outlined by General Marshall back in 1947.

Mr. FULBRIGHT. I can only say that the rate of repayment of Marshall plan loans is quite good. If the Senator wishes to go into it, it is a rather lengthy matter and I am not prepared at the moment on that subject, but I have at different times looked into that and these countries are paying quite satisfactorily relative to their resources. They have now gotten back on their feet, and many of them are making real contributions to the strength of the free world, which was the objective of the plan in the first place.

Mr. ELLENDER. May I say to my good friend, with all due respect, that the Marshall plan was supposed to be based entirely on loans, not grants, and it was only a year or a year and a half after the Marshall plan was put on the statute books that the emphasis in the program shifted from loans to grants.

Mr. FULBRIGHT. I think we have to go back and examine the debates of that period. Some grants were not contemplated in the original Marshall plan program, because certainly Europe was in a very weak and dangerous condition economically at that time.

Mr. President, if I may finish and conclude my remarks:

Beyond the amounts authorized to be appropriated by this bill—over the long term, I think even more important than the amounts—are a group of provisions which, taken collectively, will do much to reshape the nature and management of the mutual security program. These include:

First. An open-ended authorization for military assistance for the two fiscal years 1961 and 1962. This is in lieu of the Senate's continuing authorization. It means that for fiscal 1961 and 1962, the administration can, if it wishes, include requests for military assistance in the regular Department of Defense appropriation bill, but for fiscal 1963, it will have to come back for a further authorization. In the meantime, we can see how the new system works. I might add, also, Mr. President, that in the meantime the Foreign Relations Com-

mittee intends to continue to give its attention to the policy issues involved in the military assistance program and to the content and emphasis of that program.

Second. The conferees retained virtually intact the Senate provisions strengthening the control of the Secretary of State over the entire program and requiring specific plans next year for the progressive reduction and termination of grant defense support and special assistance.

Third. The Senate conferees agreed to a slightly modified version of the House provision creating an Inspector General and Comptroller with broad supervisory powers over the fiscal and budgetary management of the program. This will, it is hoped, greatly improve the program's administration.

Taken together, these and other provisions of the Act clearly point to a program in which the foreign policy aspects are given greater weight, in which military assistance is related more directly to our own defense expenditures, in which the emphasis is shifted from military to economic activities and, within the economic sphere, from grants to loans. This is a considerable accomplishment for a single piece of legislation, and it will, I think, make the mutual security program a more effective tool of U.S. foreign policy.

Mr. President, I ask for approval of the conference report.

I ask unanimous consent that there be printed in the RECORD at this point a statement entitled "Conference Committee Action on the Mutual Security Act of 1959."

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

CONFERENCE COMMITTEE ACTION ON THE MUTUAL SECURITY ACT OF 1959

Statement of policy: The concepts embodied in the statement of policy in the Senate bill remain essentially unchanged. In addition, the conference agreement contains a provision from the House bill expressing the sense of Congress that "peace in the world increasingly depends on wider recognition, both in principle and practice, of the dignity and interdependence of men; and that the survival of free institutions in the United States can best be assured in a worldwide atmosphere of expanded freedom."

Military assistance to Latin America: The Senate bill limited such assistance in fiscal 1960 to \$65 million. The conference agreement limits it to the level of fiscal 1959—i.e., approximately \$67 million. The Senate bill ruled out internal security as the basis for military assistance to Latin America. The conference agreement rules it out "unless the President determines otherwise."

Use of counterpart loan repayments: The conference agreement includes a House provision that repayments of loans made from counterpart funds owned by foreign countries may be reused only for such purposes as are mutually agreed to by the United States and the country concerned. This requirement applies only to countries still receiving assistance.

Development Loan Fund guarantees: A House provision, retained in conference, requires the Development Loan Fund to maintain a fractional reserve of at least 50 percent against its contractual liability under guarantees, and limits its total contractual liability to \$100 million.

U.N. technical assistance: The Senate bill had provided for a reduction, beginning next year, from 40 to 39 percent in the U.S. contribution to the United Nations technical assistance program and special fund. At the same time, the Senate had broadened the base on which the percentage was calculated. The House conferees were adamant on the question of the percentage and the Senate receded. It is the understanding of the conferees that assessed and audited local costs of the program can be taken into account in computing the U.S. contribution without further specific statutory authority.

Schools, libraries, and hospitals abroad: The Senate had raised from \$10 million to \$20 million the cumulative amount of special assistance funds which can be used for aid to American-sponsored schools and libraries abroad. The House had left the figure at \$10 million, but had added, as a further authorized purpose, aid to American-sponsored hospitals abroad. The conferees agreed to the \$20 million figure and provided that aid to American-sponsored hospitals should come from U.S.-owned foreign currencies, without regard to the provisions of the Battle Act. This waiver is necessary in order to make possible assistance for a children's hospital in Poland, a project which the conferees are agreed deserves support.

Surplus agricultural commodities: The Senate bill contained a provision, not in the House bill, designed to make surplus agricultural commodities available for domestic relief purposes in the United States despite possibilities that might exist of sales for foreign currencies. This provision is retained in conference with a single change. Where the Senate bill had provided that such commodities "shall be made available" for domestic purposes, the conference agreement provides that they "may be made available." This change is of no great significance. It merely authorizes, instead of requires, the executive branch to do what ought to be done. The committee expects the authority to be used.

Palestine refugees: The Senate bill had left unchanged the existing law which earmarks 15 percent of the funds appropriated for Palestine refugees for repatriation or resettlement. The House had deleted this requirement. The conferees compromised on an earmarking of 10 percent. I take this occasion, Mr. President, to reiterate the deep concern of the conferees that some progress be made toward the solution of this problem.

President's special education and training fund: The Senate bill had earmarked military assistance funds to the extent of \$10 million a year for 5 years for financing educational activities of citizens of underdeveloped countries in the United States and for training people of underdeveloped countries in skills which will contribute to economic development. This provision remains in the conference agreement, but the activity is to be financed from any funds appropriated pursuant to the act instead of solely from military assistance funds.

Investment guarantees: The Senate bill had a provision limiting the scope of the investment guarantee program to projects contributing to "the development of the economic resources and productive capacities of economically underdeveloped areas." This remains in the conference agreement, but it is not to apply to guarantees issued before January 1, 1960, on the basis of applications submitted before July 1, 1959.

Termination of assistance: Both the House and Senate bills contained slightly differing provisions designed to terminate assistance, under certain conditions, to countries expropriating American property. The compromise section agreed to by the conferees applies, as did the Senate version, only to future cases, and provides that assistance

shall be suspended when the President determines that the nation in question has failed to take appropriate steps under international law within 6 months of the expropriation. It also authorizes the President to continue assistance if he determines that suspension would be inconsistent with the national interest.

Mutual security loan repayments: Both the Senate and the House versions of the bill had dealt with the disposition of repayments of mutual security and prior loans made under section 505 of the act. There were two points of difference. One concerned foreign currencies which are received in repayment of such loans and which are excess to the requirements of the United States for the payment of its obligations abroad. The Senate bill provided that these excess currencies should be credited to the Development Loan Fund. The House bill limited such crediting to "amounts as may be specified from time to time in appropriation acts." The Senate conferees yielded on this point, and the House conferees yielded on the other point, which was a provision in the Senate bill protecting the availability of foreign currencies for the exchange of persons program.

Construction contracts: The Senate conferees agreed to a modification of a House provision requiring that, to the maximum extent practicable, contracts for construction outside the United States, except those under the Development Loan Fund, shall be made on a competitive basis.

ICA personnel: The House had authorized an increase of five supergrades in the program and provided a salary of \$20,000 a year for the deputy administrator of ICA. The Senate had authorized an increase of 15 supergrades and made no provision regard-

ing the deputy administrator. The conferees agreed on 10 supergrades and on the House provision for the deputy administrator.

ICA automobiles: The Senate bill increased from \$3,300 to \$3,800 the price which could be paid for automobiles for ICA chiefs of mission abroad. The House bill left the ceiling at \$3,300, and the conferees agreed on a ceiling of \$3,500.

Center for Cultural and Technical Interchange Between East and West: This chapter of the Senate bill is retained in the conference agreement with a technical amendment which is of no substantive significance.

Defense Base Act: The House bill amended the Defense Base Act to insure its applicability to mutual security-financed contracts entered into before June 30, 1958, but not yet completed. This would provide uniform workmen's compensation coverage, and was agreed to by the Senate conferees.

Senate provisions deleted: The Senate bill had a provision authorizing the President to transfer up to 30 percent of military assistance funds to technical cooperation, special assistance, and certain other economic programs. The House conferees were adamant on this point, and the Senate yielded reluctantly. The conferees were agreed, however, that the President should make whatever use is necessary of his existing transfer authority so as to meet the rapidly increasing danger presented by the trade and economic assistance programs of the Soviet bloc.

Regretfully and reluctantly, the Senate conferees were forced to yield on the Senate provision authorizing use of foreign currencies to finance foreign study by language teachers.

that the provision as finally adopted does provide the authority to do that. There was an administrative problem when the provision was mandatory. We were afraid that if it were made mandatory, the orderly administration of the program might be interrupted, if it became necessary to check every area in the United States before the foods could be made available for export. But it is very clear that under any reasonable, sensible administration, the foods will be made available to the domestic programs.

Mr. COOPER. I thank the Senator. I may say that thousands of families in Kentucky, especially eastern Kentucky, were without sufficient food and were hungry last winter. They will be hungry and cold next winter unless more is done. I have been urging the Secretary of Agriculture to make a wider variety of food available since last fall.

I think this provision, which is similar to one of the proposals in the bill I introduced on January 17, will make a wider variety of food available to the food distribution program, and will help provide a better diet to needy families in the United States.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. I agree with the Senator's interpretation, not that my remarks are necessary, but because, as the sponsor of the amendment, I said at the time the amendment was offered that it was really the product of the Senator from Kentucky in his testimony before the Committee on Agriculture and Forestry. But since I was in the Senate at the time when this part of the bill was under consideration, I offered the amendment.

It is my interpretation of the amendment that the word "may" provides the Secretary with the authority to place on an equal basis the domestic recipients of surplus foods when those recipients are needy persons. In other words, before we export for soft currencies, the Secretary will have the authority to provide surplus foodstuffs to our own people in the United States.

The PRESIDING OFFICER. All time has expired.

The question is on agreeing to the conference report.

The report was agreed to.

Mutual security authorization, fiscal year 1960

	Administration request	House bill	Senate bill	Conference report
Military assistance.....	\$1,600,000,000	\$1,440,000,000	\$1,300,000,000	\$1,400,000,000
Defense support.....	835,000,000	750,000,000	751,500,000	751,000,000
Development Loan Fund.....	700,000,000	700,000,000	1,750,000,000	2,700,000,000
Bilateral technical cooperation.....	179,500,000	179,500,000	179,500,000	179,500,000
U.N. technical assistance.....	30,000,000	30,000,000	30,000,000	30,000,000
OAS technical assistance.....	1,500,000	1,500,000	1,500,000	1,500,000
Special assistance.....	271,800,000	250,000,000	244,620,000	247,500,000
U.N. High Commissioner for Refugees.....	1,100,000	1,100,000	1,100,000	1,100,000
Escapes.....	5,200,000	5,200,000	5,200,000	5,200,000
U.N. Children's Fund.....	12,000,000	12,000,000	12,000,000	12,000,000
Palestine refugees.....	25,000,000	25,000,000	25,000,000	25,000,000
Ocean freight.....	2,300,000	2,300,000	2,300,000	2,300,000
International Cooperation Administration.....	39,500,000	39,500,000	39,500,000	39,500,000
Atoms for peace.....	6,500,000	6,500,000	6,500,000	6,500,000
Contingency fund.....	200,000,000	100,000,000	180,000,000	155,000,000
Machine tools for small business.....			2,500,000	(2)
International health activities.....			2,000,000	(2)
NATO Parliamentarians' Conference.....			100,000	100,000
World Refugee Year.....			10,000,000	(2)
Total.....	3,909,400,000	3,542,600,000	3,543,320,000	3,556,200,000

¹ Plus \$1,250,000,000 to be advanced in fiscal 1961.

² Plus \$1,100,000,000 to be advanced in fiscal 1961.

³ The items, machine tools for small business, international health activities, and World Refugee Year, for which separate authorizations were provided in the Senate bill, are authorized in the conference report to be funded, in the same amounts, from the contingency fund.

Mr. JOHNSON of Texas. I ask unanimous consent to yield 1 minute to the Senator from Kentucky.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, I yield the remaining minute I have.

Mr. COOPER. I invite the attention of the Senator from Arkansas to section 205(c), an amendment offered by the senior Senator from Minnesota [Mr. HUMPHREY] adopted by the Senate, and retained by the Senate-House conference, which deals with provisions of the law regarding the disposal of surplus food. The Senator may remember that

the Department of Agriculture has contended that it could not make available to domestic recipients under its food distribution program surplus foods owned by the Department, if there were a possibility of selling that surplus food for foreign currency.

I understand that the purpose of the amendment is to make it clear that the Department of Agriculture can make available for our domestic relief program, and for the school lunch program, surplus food which it holds, without waiting for some sale for foreign currency.

Mr. FULBRIGHT. It is my belief, and that of the staff and the conferees,

OPERATION OF MUTUAL AID PROGRAM IN VIETNAM

Mr. FULBRIGHT. Mr. President, there is one other item to which I should like to address myself for a moment or two. It relates to a series of articles which are now beginning to be published in the Scripps-Howard press relating to the program of the ICA in Vietnam. The articles are being written by Mr. Albert M. Colegrove, of the Scripps-Howard press.

I sent them to the ICA and suggested that perhaps public hearings might be held on this matter to examine into it. I did that on July 20. On July 21 I received the following letter from Mr. Rid-

Riddleberger. I think it would be most interesting if I read the letter, because this is an important matter. The letter, addressed to me, read as follows:

INTERNATIONAL COOPERATION
ADMINISTRATION,
Washington, D.C., July 21, 1959.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We appreciate your letter of July 20, referring to articles now appearing in the Washington Daily News and other Scripps-Howard newspapers attacking the mutual security program in Vietnam. We had requested a set of the articles from the Daily News but we were told we could not have them.

Apparently the series of articles is to be a complete and sweeping indictment of our entire aid program in Vietnam. The author apparently cannot find anything good to say about America's effort to help this 2-year-old country maintain its independence and achieve a measure of stability, except that we saved it from Communist takeover.

The mutual security program in Vietnam has been in recent weeks the subject of favorable comment by on-the-spot reporters from the New York Times, Newsweek magazine, and The Wall Street Journal; and the current issue of Business Week has an article which praises our efforts to help this newly developing nation. We believe these articles, more balanced in their treatment, will be of interest to your committee, also.

In view of the obvious sensationalism of Mr. Colegrove's sweeping charges, we welcome your suggestion that there be a full inquiry before your committee.

With every good wish,
Sincerely yours,

JAMES W. RIDDLEBERGER.

Mr. President, I also received today a letter from Miss Harriet Lubin, dated July 21. Miss Lubin lives in Washington and formerly was in Vietnam as an employee of the ICA. Miss Lubin wrote a very strong letter to the editor of the Washington Daily News and sent a copy of it to me. I shall read to the Senate the letter she wrote:

JULY 21, 1959.

The Editor,
Washington Daily News,
Washington, D.C.

DEAR SIR: I have now read two of Albert M. Colegrove's articles on Vietnam and you're damned right I'm angry. What I'm angry about is that here in the United States of America there should be a newspaper reporter and a newspaper so irresponsible as to print such a mass of distortions, inconsistencies, and outright lies. I have just come home from a tour of duty with the USOM in Vietnam, the office that administers the economic aid program. I was the statistician and economic analyst there, and it was my job to know about the things Colegrove is writing about. To me it is very easy to understand how he managed to collect so much wrong information. It's obvious he was never even inside the USOM; if he had been, he'd have known damned quickly, believe me, that it isn't as conditioned. Undoubtedly he got the information sitting at those French-style sidewalk cafes he talked about, drinking gin and tonic with a few malcontents and wise guys who, themselves, don't know what's going on there. Yes, there are some malcontents there—just as there are in every organization, whether Government or private, in or out of the United States.

The whole thing, the million dollars a day, the idea that we turn money over without keeping track of it, the fabulous allowances, the lush living, and particularly the

idea that we couldn't criticize without fear of being fired—all a bunch of lies. Sure, some things were wrong—show me an organization any place where there aren't some things wrong—but we could and did criticize. In fact, I was one who criticized most because it is my nature to criticize. I criticized to my boss, to the Director of the USOM, and even to the Ambassador. I was not fired—in fact, they wanted me to come back for another tour. And, all I can say is, if I had been earning as much as Colegrove says we did, and living as high, I'd have gone back. If you want to know why I didn't, it's because I was one of the lucky few who didn't get amoebic dysentery or hepatitis and I didn't want to push my luck.

Since I do not work for ICA now, I feel free to write this letter. I shall write another one after the series is over, taking Colegrove's articles point by point and telling you what the facts are. But first, I challenge you to publish this one.

Yours truly,

Harriet Lubin,
Miss HARRIET LUBIN.

WASHINGTON, D.C.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LAUSCHE. Although the Senator from Arkansas has read Miss Lubin's letter, I understand he contemplates conducting a full investigation to determine all the facts as they pertain to the manner in which the mutual aid program is being administered in Vietnam.

Mr. FULBRIGHT. If they can be arranged, it is the intention of the chairman to have public hearings on this matter next week, if possible, beginning on Monday. A letter has been sent to Mr. Colegrove today.

As the Senator has heard, Mr. Riddleberger is, I believe, favorably disposed to the holding of such hearings. If the mechanics of the matter can be arranged satisfactorily, the hearings will begin on next Monday, or on Tuesday, or Wednesday, in accordance with whatever arrangements can be made.

Mr. LAUSCHE. The purpose of the committee will be to conduct hearings?

Mr. FULBRIGHT. Public hearings.

Mr. LAUSCHE. So as to ascertain from the testimony what the facts are?

Mr. FULBRIGHT. The Senator is correct.

Mr. LAUSCHE. And then to take such action as the facts warrant?

Mr. FULBRIGHT. The Senator is correct.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. DIRKSEN. During the time when I served on the Committee on Appropriations, particularly on the Subcommittee on Foreign Aid Appropriations, one of the witnesses who invariably came before us was Mr. Leonard J. Saccio, who is at present Deputy Director of the International Cooperation Administration. I discovered Mr. Saccio to be one of the ablest persons who ever came into the government. He stood up like a man and had the answers in every case.

I talked to Mr. Saccio today about these articles. He is very properly furious about them. The officials of the ICA are ready to appear and make their case in the open.

But the tragedy is that these charges are such that the truth never quite catches up with them. It is a tragedy that the ICA from time to time has to take these charges, which are made in different sections of the country, set forth the facts, and publish them in a document; but even then the truth never catches up. It is simply too bad that there is so much carelessness in this field.

Mr. FULBRIGHT. The Senator from Illinois is quite correct. I think the best thing we could do is, quickly as possible to afford the ICA a public forum where each side can have its say.

Mr. DIRKSEN. Right.

Mr. FULBRIGHT. So far as it is within my power to do so, I intend to do just that. I think the Senator is quite right. I have the feeling, although this is simply my judgment, that the success of "The Ugly American" has proved to be an inspiration to others who think they can make a reputation, in some way, out of similar accusations, or even more extreme accusations. These particular articles, as I have read them, although I do not want to prejudge them, are certainly sensational in their accusations.

Mr. DIRKSEN. I applaud the chairman of the Committee on Foreign Relations for his intention to have early hearings and a complete ventilation of the matter.

Mr. FULBRIGHT. I thank the Senator from Illinois.

Mr. President, there is one other item which, I think, bears on this subject. It was written in 1956, not too long ago, and certainly during the period which these articles purport to cover.

The distinguished chairman emeritus of the Committee on Foreign Relations, the distinguished senior Senator from Rhode Island [Mr. GREEN], made an on-the-spot visit to Vietnam and submitted a report. I shall read a few sentences from the Senator's report, which appears at page 540 of the final report of the Subcommittee on Technical Assistance Programs in the 85th Congress, 1st session. This is about Vietnam:

C. VIETNAM

The most impressive thing about Vietnam is that it exists.

Rarely if ever in history has a state come into being amid such inauspicious circumstances: arbitrarily split in two at the end of a bitter 8-year war; suddenly given independence after a period of colonialism during which the colonial power made no effort at all to train civil servants or to prepare the people for self-government in other ways; faced with an influx of 800,000 refugees from the north; confronted with open rebellion on the part of pirates and bandits masquerading as religious sects; threatened by Communist infiltration and subversion; and, withal, launched upon its career as a member of the family of nations with virtually no economic resources.

Yet despite these handicaps, Vietnam not only exists but it gives promise of continuing to exist. A measure of political stability has been brought to the country, and the government of President Ngo Dinh Diem is demonstrating really admirable and remarkable courage in facing problems which would cause lesser men to throw up their hands in despair.

U.S. military and economic assistance and U.S. political support have played a vital part. The need has been so vast and so

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Public Law 86-108
86th Congress, H. R. 7500
July 24, 1959

AN ACT

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1959".

Mutual Security
Act of 1959.

STATEMENT OF POLICY

SEC. 2. Section 2 of the Mutual Security Act of 1954, as amended, which is a statement of policy, is amended to read as follows: 70 Stat. 555.
22 USC 1750.

"SEC. 2. STATEMENT OF POLICY.—(a) It is the sense of the Congress that peace in the world increasingly depends on wider recognition, both in principle and practice, of the dignity and interdependence of all peoples; and that the survival of free institutions in the United States can best be assured in a world wide atmosphere of expanded freedom.

"(b) Through programs of assistance authorized by this Act and its predecessors, the United States has helped thwart Communist intimidation in many countries of the world, has helped Europe recover from the wounds of World War II, has supported defensive military preparations of nations alerted by Communist aggression, and has soundly begun to help peoples of economically underdeveloped areas to develop their resources and improve their living standards.

"(c) Programs authorized by this Act continue to serve the following principal purposes:

"(1) The Congress recognizes the basic identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, and to produce more goods and services, and to improve ways of living by methods which reflect the popular will, and to realize aspirations for justice, for education, and for dignity and respect as individual human beings, and to establish responsible governments which will cooperate with other like-minded governments. The Congress declares it to be a primary objective and need of the United States, and one consistent with its tradition and ideals, to share these strivings by providing assistance, and to give due regard for our other obligations, to peoples willing to work energetically toward these ends.

"(2) The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the nations it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination. The Congress declares it to be the policy of the United States to continue so long as such danger to the peace of the world and to the security of the United States persists, to make available to other free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable 73 Stat. 246.
73 Stat. 247.

"(d) It is the sense of the Congress that inasmuch as—

"(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe; and

"(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

"(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world; those nations which have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

"(e) It is the sense of the Congress that assistance provided under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence. To this end, assistance shall be rendered where appropriate and feasible in such a way as to promote the emergence of political units which are economically viable, either alone in cooperation with neighboring units."

CHAPTER I—MILITARY ASSISTANCE

MILITARY ASSISTANCE

68 Stat. 833.
22 USC 1811-
1817.
22 USC 1813.

SEC. 101. Chapter I of the Mutual Security Act of 1954, as amended, which relates to military assistance, is amended as follows:

(a) Amend section 103(a), which relates to authorization, to read as follows:

"(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1960 to carry out the purposes of this chapter not to exceed \$1,400,000,000, which shall remain available until expended. Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense. There is hereby authorized to be appropriated to the President for the fiscal years 1961 and 1962 such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended."

22 USC 1815.

(b) Amend section 105(b), which relates to conditions applicable to military assistance, as follows:

(1) Amend paragraph (4) to read as follows:

"(4) Military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs to American Republics. The aggregate amount of funds which may be obligated or reserved during the fiscal year 1960 for furnishing military assistance to American Republics shall not exceed the aggregate amount of funds obligated or reserved for such purpose during the fiscal year 1959."

73 Stat. 247.
73 Stat. 248.

(2) Add the following new paragraph:

"(5) To the extent feasible and consistent with the other purposes of this chapter, administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development."

CHAPTER II—ECONOMIC ASSISTANCE

DEFENSE SUPPORT

SEC. 201. Section 131(b) of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out "1959" and "\$810,000,000" and substituting "1960" and "\$751,000,000", respectively. 72 Stat. 262.
22 USC 1841.

UTILIZATION OF COUNTERPART FUNDS

SEC. 202. Clause (iii) of section 142(b) of the Mutual Security Act of 1954, as amended, which relates to utilization of funds in Special Accounts, is amended by inserting immediately before the period at the end thereof the following: "*Provided further*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States". 22 USC 1852.

DEVELOPMENT LOAN FUND

SEC. 203. Title II of chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 202(b), which relates to general authority, as follows: 71 Stat. 357;
72 Stat. 263.
22 USC 1872.

(1) Insert the following sentence immediately after the second sentence: "The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people, demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives."

(2) In the next to last sentence, immediately before the period at the end thereof, insert the following: "nor shall the fractional reserve maintained by the Development Loan Fund for any guaranty made pursuant to this section be less in any case than 50 per centum of the contractual liability of the Development Loan Fund under such guaranty, and the total contractual liability of the Development Loan Fund under all of such guaranties shall not, at any one time, exceed \$100,000,000".

(b) Amend section 203, which relates to capitalization, to read as follows: 71 Stat. 358.
22 USC 1873.

"SEC. 203. CAPITALIZATION.—There is hereby authorized to be appropriated to the President at any time after enactment of the Mutual Security Act of 1959 without fiscal year limitation for advances to the Fund after June 30, 1959, not to exceed \$1,800,000,000 of which not to exceed \$700,000,000 may be advanced prior to July 1, 1960, and not to exceed an additional \$1,100,000,000 may be advanced prior to July 1, 1961." 73 Stat. 248.
73 Stat. 249.

(c) In section 204(b), which relates to fiscal provisions, strike out "(a)" in the second sentence. 71 Stat. 358.
22 USC 1874.

(d) Amend section 205, which relates to management, powers, and authorities, as follows: 72 Stat. 263.
22 USC 1875.

(1) In subsection (b), strike out "three" in the second sentence and substitute "four".

(2) In subsection (c), strike out the last sentence.

TECHNICAL COOPERATION

SEC. 204. Title III of chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

72 Stat. 265. (a) In section 304, which relates to authorization, strike out
22 USC 1894. "\$150,000,000" and "1959" and substitute "\$179,500,000" and "1960", respectively.

22 USC 1896. (b) Amend section 306, which relates to multilateral technical cooperation and related programs, as follows:

72 Stat. 265. (1) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance and related fund, strike out "\$20,000,000" and "1959" and substitute "\$30,000,000" and "1960", respectively, and immediately after "for such purpose" the last time it appears insert "(including assessed and audited local costs)".

72 Stat. 266. (2) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1959" and substitute "1960".

22 USC 1898. (c) In section 308, which relates to the International Development Advisory Board, insert "or officers" after "officer" in the first sentence and strike out "to administer this title" in that sentence.

SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 205. Title IV of chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is amended as follows:

22 USC 1920. (a) Amend section 400, which relates to special assistance, as follows:

72 Stat. 266. (1) In subsection (a), which relates to authorization, strike out "1959" and "\$202,500,000" and substitute "1960" and "\$247,500,000", respectively.

71 Stat. 360. (2) In subsection (c), which relates to assistance to American-sponsored schools and libraries abroad, strike out "\$10,000,000" and substitute "\$20,000,000", and in the last sentence of such subsection strike out "for the purposes of this subsection" and insert in lieu thereof the following: "and notwithstanding the provisions of Public Law 213, Eighty-second Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act, for the purposes of this subsection and for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States".

65 Stat. 644. (b) Insert after section 400 the following new section:
22 USC 1611 note.

73 Stat. 249. "SEC. 401. UNITED NATIONS EMERGENCY FORCE.—The Congress of
73 Stat. 250. the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1960 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force."

72 Stat. 266. (c) In section 402, which relates to earmarking of funds, strike out
22 USC 1922. "1959" in the first sentence and substitute "1960"; in the same sentence, after the words "foreign currencies" insert the words "or the grant", and at the end of the section, add the following new sentences: "Surplus food commodities or products thereof made available for transfer under this Act (or any other Act) as a grant or as a sale for foreign

currencies may also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c). Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended by inserting 'whether in private stocks or' after 'commodities' the first time that word appears." 68 Stat. 458; 72 Stat. 286. 49 Stat. 774.

(d) In section 403, which relates to responsibilities in Germany, strike out "1959" and "\$8,200,000" in the first sentence and substitute "1960" and "\$7,500,000", respectively. 72 Stat. 266. 22 USC 1923.

(e) Amend section 405, which relates to migrants, refugees, and escapees, as follows: 72 Stat. 266. 22 USC 1925.

(1) In subsection (c), strike out "1959" and "\$1,200,000" and substitute "1960" and "\$1,100,000", respectively.

(2) In subsection (d), strike out "1959" and "\$8,600,000" and substitute "1960" and "\$5,200,000", respectively.

(f) In section 406, which relates to children's welfare, strike out "\$11,000,000" and "1959" and substitute "\$12,000,000" and "1960", respectively. 72 Stat. 266. 22 USC 1926.

(g) In section 407, which relates to Palestine refugees in the Near East, strike out "1959" in the first sentence and substitute "1960", and in the proviso in the first sentence, strike out "15 per centum" and substitute "10 per centum". 72 Stat. 266. 22 USC 1927.

(h) In section 408(c), which relates to the North Atlantic Treaty Organization, strike out "four" and substitute "five". 22 USC 1928.

(i) In section 409(c), which relates to ocean freight charges, strike out "1959" and "\$2,100,000" and substitute "1960" and "\$2,300,000", respectively. 22 USC 1929.

(j) Section 410, which relates to Control Act expenses, is repealed. 22 USC 1930.

(k) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out "1959" and "\$33,000,000" and substitute "1960" and "\$39,500,000", respectively. 72 Stat. 267.

(2) In subsection (c), strike out ", not to exceed \$7,000,000 in any fiscal year,"; and insert before the period ", and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): *Provided*, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct". 71 Stat. 362; 70 Stat. 588. 65 Stat. 645.

(l) After section 411, insert a new section as follows:

"SEC. 412. PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUND.—Of the funds appropriated pursuant to this Act for use beginning in each of the fiscal years 1960 through 1964, \$10,000,000 for each such year shall be available only as follows:

"(a) \$5,000,000 shall be available until expended only for financing studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands. Such financing may include payment for transportation, tuition, maintenance and other expenses incident to scholastic activities. The President may employ such funds to augment programs of this character authorized by section 32(b) (2) of the Surplus Property Act of 1944, as amended, and by the United States Information and Educational Exchange Act of 1948, as amended, and he may consolidate such portions of such \$5,000,000 as he may deem appropriate with appropriations made to carry out these two Acts. 73 Stat. 250. 73 Stat. 251. 60 Stat. 754. 50 USC app. 1641. 62 Stat. 6. 22 USC 1431 note.

"(b) \$5,000,000 shall be available until expended only for the training of people of underdeveloped countries in skills which will contribute to economic development. Such training shall be carried out in accordance with the policies set forth in title III of chapter II, relating to technical cooperation, and such \$5,000,000 may be consolidated with appropriations made for carrying out title III of chapter II."

22 USC 1933.

(m) Amend section 413, which relates to encouragement of free enterprise and private participation, as follows:

(1) In subparagraph (b) (4) (A), strike out "any of the purposes of this Act" and substitute "the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act".

(2) In subparagraph (b) (4) (F), strike out "\$500,000,000" and substitute "\$1,000,000,000".

(3) In subparagraph (b) (4) (G), strike out "achieving any of the purposes of this Act" and substitute "furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act".

72 Stat. 267.

(4) In subsection (c), delete the words "a study" following the words "shall conduct" and insert in lieu thereof "annual studies to keep the data up to date"; insert immediately before the period at the end of the first sentence the following: "and to the net position of the United States in its balance of trade with the rest of the world"; and in the final sentence delete the word "study" following "such" and insert in lieu thereof "studies".

(5) Add the following new subsection:

"(d) Under the direction of the President, the Department of State and such other agencies of the Government as the President shall deem appropriate shall conduct a study of methods by which the United States and other nations including those which are parties to regional agreements for economic cooperation to which the United States is a party, or any of them, might best together formulate and effectuate programs of assistance to strengthen the economies of free nations so as to advance the principal purposes of this Act, as stated in section 2 thereof."

72 Stat. 267.

22 USC 1939.

(n) In section 419(a), which relates to atoms for peace, strike out "1959" and "\$5,500,000" in the second sentence and substitute "1960" and "\$6,500,000", respectively.

73 Stat. 251.

73 Stat. 252.

CHAPTER III—CONTINGENCY FUND

72 Stat. 268.

22 USC 1951.

SEC. 301. Section 451(b) of the Mutual Security Act of 1954, as amended, which relates to the President's special authority and contingency fund, is amended by striking out "1959" in the first sentence and substituting "1960".

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 401. Chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is amended as follows:

22 USC 1755.

(a) In section 503, which relates to termination of assistance, insert "(a)" immediately after "TERMINATION OF ASSISTANCE.—", and add at the end thereof the following:

"(b) In any case in which the President determines that a nation has hereafter nationalized or expropriated the property of any person as defined in section 413(b) and has failed within six months of such nationalization or expropriation to take steps determined by the President to be appropriate to discharge its obligations under international law toward such person, the President shall, unless he determines it to be inconsistent with the national interest, suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken. 22 USC 1933.

"(c) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance whereby, wherever practicable, such grant assistance shall be progressively reduced and terminated."

(b) In section 504, which relates to small businesses, add the following new subsection: 22 USC 1756.

"(d) Of the funds appropriated pursuant to section 451(b) of this Act, the President is authorized to utilize not to exceed \$2,500,000 for the fiscal year 1960 to make available to foreign small business concerns in underdeveloped countries, or to foreign government organizations established for the purpose of helping such concerns in underdeveloped countries, on such terms and conditions as he may determine, machine tools, industrial equipment and other equipment owned by agencies of the United States Government."

(c) In section 505(b), which relates to loan assistance and sales, strike out the third sentence and substitute the following: "United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited in miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan which are in excess of the requirements as determined from time to time by the Secretary of State for purposes authorized in section 32(b) (2) of the Surplus Property Act of 1944, as amended (50 App. U.S.C. 1641(b)), may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to and be available for the authorized purposes of the Development Loan Fund in such amounts as may be specified from time to time in appropriation Acts." 22 USC 1757.
70 Stat. 563.
73 Stat. 252.
73 Stat. 253.

(d) In section 510, which relates to purchase of commodities, delete the comma following the words "industrial mobilization base" in the third sentence and insert the following: "or to the net position of the United States in its balance of trade with the rest of the world." 22 USC 1762.

(e) In section 517, which relates to completion of plans and cost estimates, delete the words "title I or" in the first sentence, and insert "title I, II, or", and add at the end of such section the following: "To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to this section, except any agreement for assistance authorized under title II of chapter II, shall be made on a competitive basis." 72 Stat. 269.
22 USC 1766c.

(f) Amend section 523, which relates to coordination with foreign policy, as follows: 22 USC 1871.
22 USC 1783.

(1) In subsection (b), add the following new sentence: "The chief of the diplomatic mission shall make sure that recommendations of

such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires."

71 Stat. 364.

(2) Amend subsection (c) to read as follows:

"(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby."

68 Stat. 857;
70 Stat. 740.
22 USC 1787.

(g) In section 527(b), which relates to employment of personnel, strike out "sixty" and "thirty-five" in the first sentence and substitute "seventy" and "forty-five", respectively, and add the following new sentence at the end of such section: "One of the offices established by section 1(d) of Reorganization Plan Numbered 7 of 1953 may notwithstanding the provisions of any other law be compensated at a rate not in excess of \$20,000 per annum."

67 Stat. 639.
5 USC 133z-15
note.

(h) Insert immediately after section 533 the following new section:

"SEC. 533A. INSPECTOR GENERAL AND COMPTROLLER.—(a) There is hereby established in the Department of State an office to be known as the "Office of the Inspector General and Comptroller", which shall be headed by an officer designated as the "Inspector General and Comptroller", whose salary shall be fixed at the annual rate of \$19,000, and who shall be appointed by the Secretary of State and be responsible to an Under Secretary of State designated for such purpose by the Secretary of State. In addition, there shall be a Deputy Inspector General and Comptroller, whose salary shall not exceed the maximum rate provided under the General Schedule of the Classification Act of 1949, as amended, and such other personnel as may be required to carry out the functions vested in the Inspector General and Comptroller by or pursuant to this section.

72 Stat. 203.
5 USC 1113.

"(b) There are hereby transferred to the Inspector General and Comptroller all functions, powers, and duties of the Office of Evaluation of the International Cooperation Administration, and so much of the functions, powers, and duties of the Office of Personnel Security and Integrity as relate to investigations of improper activities in connection with programs under the International Cooperation Administration.

"(c) The Inspector General and Comptroller shall have the following duties, in addition to those duties transferred to him under section (b) of this section:

73 Stat. 253.
73 Stat. 254.

"(1) Establishing or reviewing and approving a system of financial controls over programs of assistance authorized by this Act to insure compliance with applicable laws and regulations;

"(2) Advising and consulting with the Secretary of Defense or his delegate with respect to the controls, standards, and procedures established or approved under this section insofar as such controls, standards, and procedures relate to assistance furnished under chapter I of this Act;

68 Stat. 833.
22 USC 1811.

"(3) Establishing or reviewing and approving policies and standards providing for extensive internal audits of programs of assistance authorized by this Act;

"(4) Reviewing and approving internal audit programs under this section, and coordinating such programs with the appropriate officials of other Government departments in order to insure maximum audit coverage and to avoid duplication of effort;

"(5) Reviewing audit findings and recommendations of operating agencies and the action taken thereon, and making recom-

mendations with respect thereto to the Under Secretary of State and other appropriate officials;

"(6) Conducting or requiring the conduct of such special audits as in his judgment may be required in individual cases, and of inspections with respect to end-item use in foreign countries;

"(7) Establishing or reviewing and approving a system of financial and statistical reporting with respect to all programs of assistance authorized by this Act;

"(8) Advising the Under Secretary of State and other appropriate officials on fiscal and budgetary aspects of proposed programs of assistance authorized by this Act;

"(9) Designing the form and prescribing the financial and statistical content of the annual program presentation to the Congress;

"(10) Coordinating and cooperating with the General Accounting Office in carrying out his duties, to the extent that such duties are within areas of responsibility of the General Accounting Office; and

"(11) Carrying out such other duties as may be vested in him by the Under Secretary of State.

"(d) Expenses of the Office of the Inspector General and Comptroller with respect to programs under this Act shall be charged to the appropriations made to carry out such programs: *Provided*, That all documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the Office of Inspector General and Comptroller shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Office, upon request of the General Accounting Office or such committee or subcommittee as the case may be."

(i) Amend section 534, which relates to reports to the Congress, by inserting "(a)" immediately after "REPORTS.—" and by adding at the end thereof the following: 22 USC 1794.

"(b) All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration, upon request of the General Accounting Office or such committee or subcommittee as the case may be."

73 Stat. 254.

73 Stat. 255.

(j) Amend section 537, which relates to provisions on uses of funds, as follows: 22 USC 1797.

(1) In paragraph (5) of subsection (a), strike out "\$3,300" and substitute "\$3,500". 70 Stat. 561.

(2) In subsection (c), strike out "\$26,000,000" and substitute "\$27,750,000". 72 Stat. 270.

(3) Amend subsection (f) to read as follows:

72 Stat. 270.

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered, and the methods used, in determining the level of aid for such country; the reason for including each such factor and an explanation of the man-

22 USC 1841.

71 Stat. 360.

22 USC 1920.

22 USC 1841.

ner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the determination of the particular level of forces to be supported by the proposed request for authorization and appropriation for military assistance, the factors considered and methods used in arriving at each country determination, and where the level of forces supported by military assistance differs from the total level of forces maintained in any such country, an explanation, in detail, of the reason for the difference in such level of forces."

22 USC 1768.

(k) In section 543 (d), which relates to saving provisions, strike out the words between "repealed" and "shall" in the first sentence and substitute "subsequent to the time such funds are appropriated"; insert "or subsequent Acts" after "1957" both times it appears in the second sentence; and strike out the last sentence.

Repeal.

22 USC 1759a.

(l) Section 549, which relates to special provisions on availability of funds, is repealed.

(m) After section 549 add the following new sections:

"SEC. 550. INFORMATION POLICY.—The President shall, in the reports required by section 534, or in response to requests from Members of the Congress or inquiries from the public, make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States.

72 Stat. 266.

22 USC 1923,

1951, 1753,

1813, 1928,

1931.

"SEC. 551. LIMITATION ON THE USE OF THE PRESIDENT'S SPECIAL AUTHORITY.—The authority contained in sections 403, 451, and 501 of this Act shall not be used to augment appropriations made pursuant to sections 103(b), 408, 411(b), and 411(c) or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses."

CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

INTERNATIONAL COOPERATION IN HEALTH

73 Stat. 255.

73 Stat. 256.

SEC. 501. (a) The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

(b) In order to carry out the purposes of subsection (a) of this section and in order to plan logically for an orderly expansion of United States support to international health activities, the President is authorized to undertake, in cooperation directly with other governments, or indirectly through utilizing the resources and services of the United Nations and the Organization of American States or any of their specialized agencies, programs and projects of research, studies, field surveys, trials, and demonstrations to determine the feasibility of future intensive programs for reduction, control, or eradication of

disease problems of international importance. Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of \$2,000,000 shall be available to carry out the purposes of this section. 72 Stat. 268. 22 USC 1951.

COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

SEC. 502. To enable the United States to maintain membership in the Colombo Plan Council for Technical Cooperation, there is hereby authorized to be appropriated from time to time to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation.

CHAPTER VI—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

STATEMENT OF PURPOSE

SEC. 601. The purpose of this chapter is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as "the East") through cooperative study and research, by establishing in Hawaii a Center for Cultural and Technical Interchange Between East and West, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the East and the Western World may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the Mutual Security Act of 1954 and other Acts promoting the international educational, cultural, and related activities of the United States. 62 Stat. 6. 22 USC 1431 note. 68 Stat. 841. 22 USC 1891-1898.

ESTABLISHMENT OF CENTER

SEC. 602. In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as Secretary), after consultation with appropriate public and private authorities, shall on or before January 3, 1960, prepare and submit to the Congress a plan and program for— Report to Congress.

(1) the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West through arrangements to be made with public, educational, or other nonprofit institutions;

(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and Western World as may be necessary to attract such scholars and authorities to the Center;

(3) grants, scholarships, and other payments to qualified candidates from the nations of the East and West as may be necessary to enable such students to engage in study at the Center; and

(4) making the facilities of the Center available for study to other qualified persons on a reasonable basis.

AUTHORIZATION OF APPROPRIATIONS

SEC. 603. There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this chapter.

73 Stat. 256.

73 Stat. 257.

CHAPTER VII—AMENDMENTS TO OTHER LAWS AND MISCELLANEOUS PROVISIONS

AMENDMENTS TO OTHER LAWS

55 Stat. 622,
72 Stat. 272.

SEC. 701. (a) The Defense Base Act, as amended (42 U.S.C. 1651), is further amended by inserting in subsection (e) of the first section, between "the approval of this Act," and "and contracting officers" in the first sentence, the following: "and the liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in performance of contracts, subcontracts, or subordinate contracts specified in subparagraph (5), subdivision (a) of this section, and the conditions set forth therein, shall hereafter be applicable to the remaining terms of such contracts, subcontracts, and subordinate contracts entered into prior to June 30, 1958, but not completed on the date of the enactment of the Mutual Security Act of 1959,".

(b) Section 522 of the Foreign Service Act of 1946, as amended (60 Stat. 1009, 22 U.S.C. 922), is amended by striking out the word "and" at the end of subparagraph (1), by striking out the period at the end of subparagraph (2) and substituting a semicolon and the word "and", and by adding at the end thereof a new subparagraph (3) which shall read as follows:

"(3) extend the appointment or assignment of any Reserve officer, or continue the services of any such Reserve officer by reappointment without regard to the provisions of section 527 of this Act, for not more than five additional years if the Secretary deems it to be in the public interest to continue such officer in the Service, except that the assignment of any Reserve officer under paragraph (2) above may not be extended under the provisions of this paragraph without the consent of the head of the agency concerned."

70 Stat. 563.

(c) Section 1011(a) of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442), is amended by inserting before the period at the end thereof a colon and the following: "*Provided*, That the purpose of making informational media guaranties shall be the achievement of the foreign policy objectives of the United States, including the objective mentioned in sections 413(b) (4) (A) and 413(b) (4) (G) of the Mutual Security Act of 1954, as amended".

73 Stat. 257.

73 Stat. 258.

22 USC 1933.

72 Stat. 275.

7 USC 1704.

(d) Section 104(k) of Public Law 480, Eighty-third Congress (68 Stat. 454), as amended, is further amended by inserting "research" immediately after "conduct", and by substituting for the phrase "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor;" the following: "*Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts;".

EXPENSES OF ANNUAL MEETING OF NORTH ATLANTIC TREATY
PARLIAMENTARY CONFERENCE

SEC. 702. There is authorized to be appropriated the sum of \$100,000 for the purpose of defraying the expenses incident to the annual meeting of the North Atlantic Treaty Parliamentary Conference for the year 1959, to be held in Washington, District of Columbia. Funds appropriated pursuant to this authorization shall be disbursed on vouchers jointly approved by the chairmen of the Senate and House delegations to the Conference, and such approval shall be final and conclusive upon the accounting officers in the auditing of accounts incident to the annual meeting.

July 24, 1959

-13-

Pub. Law 86-108

73 Stat. 258.

UNITED STATES PARTICIPATION IN WORLD REFUGEE YEAR

SEC. 703. Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of \$10,000,000 shall be available for United States participation in World Refugee Year. Such sum shall be available for allocation by the President for assistance, either directly or through intergovernmental organizations or agencies, to the various refugee groups, and shall be used primarily in furtherance of permanent solutions of the problems of such groups and in alleviating their urgent emergency needs.

72 Stat. 268.
22 USC 1951.

Approved July 24, 1959.

IMMEDIATE RELEASE

July 24, 1959

James C. Hagerty, Press Secretary to the President

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I have today signed H.R. 7500, a bill amending the Mutual Security Act of 1954. Three amendments made by the bill concern disclosure by the Executive Branch of information, documents, and materials relating to the Mutual Security Program or certain of its aspects.

I have signed this bill on the express premise that the three amendments relating to disclosure are not intended to alter and cannot alter the recognized Constitutional duty and power of the Executive with respect to the disclosure of information, documents, and other materials. Indeed, any other construction of these amendments would raise grave Constitutional questions under the historic Separation of Powers Doctrine.

In this connection, I am constrained to emphasize once again that it is established policy of the Executive Branch to provide the Congress and the public with the fullest possible information consistent with the public interest. This policy will continue to guide the Executive Branch in carrying out the Mutual Security Program so that there may be a full understanding of the program and its vital importance to the national security.

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IN THE SENATE OF THE UNITED STATES

APRIL 24, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT (for himself, Mr. HUMPHREY, Mr. KENNEDY, Mr. HART, and Mr. JAVITS) to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 1. In order to clarify the purposes today of the mutual
2 security program: On page 1, after line 4, insert:

3 "SEC. 2. Section 2 of the Mutual Security Act of 1954,
4 as amended, which is a statement of policy, is amended to
5 read as follows:

6 " 'SEC. 2. STATEMENT OF POLICY.—(a) Through pro-
7 grams of assistance authorized by this Act and its predeces-
8 sors, the United States has helped thwart Communist intimi-

1 programs, has made substantial contributions to the
2 economic recovery and rehabilitation of the nations of
3 Western Europe;

4 ““(2) due in part to those programs, it has been
5 possible for such nations to achieve complete economic
6 recovery and to regain their military strength; and

7 ““(3) certain other friendly nations of the world
8 remain in need of assistance in order that they may
9 defend themselves against aggression and contribute to
10 the security of the free world.

11 those nations that have been assisted in their recovery should,
12 in the future, share with the United States to a greater
13 extent the financial burden of providing aid to those countries
14 which are still in need of assistance of the type provided
15 under this Act.

16 ““(c) It is the sense of the Congress that assistance
17 under this Act shall be administered so as to assist other
18 peoples in their efforts to achieve self-government or in-
19 dependence under circumstances which will enable them to
20 assume an equal station among the free nations of the world
21 and to fulfill their responsibilities for self-government or
22 independence.’”

23 2. In order to prevent the burdens of military effort
24 from interfering unduly with economic progress by under-
25 developed countries: On page 1, after line 10, insert:

1 “SEC. 102. Section 105 (b) of the Mutual Security Act
2 of 1954, as amended, which relates to conditions applicable
3 to military assistance, is amended by adding the following
4 new paragraph:

5 “ ‘ (5) Military assistance to countries found by the Sec-
6 retary of State to be underdeveloped shall, unless the Secre-
7 tary authorizes an exception, be programed, and force goals
8 shall be recommended, according to the principle that eco-
9 nomic development needs shall have first call on the resources
10 of such countries.’ ”

11 3. To provide for financing the Development Loan Fund
12 in the same manner as other public banking institutions, such
13 as the Export-Import Bank, and in order to emphasize the
14 long-term nature of the United States effort to help less de-
15 veloped countries: On page 2, strike out lines 11 through 17
16 and insert the following:

17 “ (a) In section 203, which relates to capitalization, in-
18 sert before the period at the end of the second sentence of
19 subsection (a) : ‘, and for advances to the Fund beginning in
20 the fiscal year 1960, not to exceed \$700,000,000. In addi-
21 tion, the Secretary of the Treasury is authorized and directed
22 to make, beginning in the fiscal year 1960, loans to the
23 Fund in amounts needed to cover obligations incurred
24 against the Fund. Except as provided in section 204 (b) of
25 this Act, the maximum amount of obligations incurred

AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT (for himself, Mr. HUMPHREY, Mr. KENNEDY, Mr. HART, and Mr. JAVITS) to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

APRIL 24, 1959

Referred to the Committee on Foreign Relations and
ordered to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

MAY 19, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 7, line 20, after the word "loan" insert the
- 2 following: "which are in excess of the requirements as deter-
- 3 mined from time to time by the Secretary of State for pur-
- 4 poses authorized in section 32 (b) (2) of the Surplus Prop-
- 5 erty Act of 1944, as amended (50 U.S.C. App. 1641 (b))".

AMENDMENT

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

MAY 19, 1959

Referred to the Committee on Foreign Relations and
ordered to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

MAY 21, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1451)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

1 In order that the United Nations program of technical
2 assistance may be expanded and that contributions to that
3 program may be related more closely to the ability of nations
4 to contribute:

5 On page 3, before the period in line 14, insert: “, and
6 insert ‘(including assessed and audited local costs)’ before
7 the words ‘for each such year’ ”.

AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

MAY 21, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

MAY 21, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1451)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

1 In order to further encourage the repatriation or reset-
2 tlement of Palestine refugees in the Near East:

3 On page 5, line 14, insert before the period "and in the
4 proviso of that sentence strike out 'fifteen' and insert
5 'twenty'".

AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

MAY 21, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

MAY 21, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 In order that the Development Loan Fund may accom-
2 plish its purpose through an international organization for
3 economic development: On page 2, after line 22, insert the
4 following:

5 “(d) Add a new section 207 reading as follows:

6 “‘SEC. 207. CONTRIBUTIONS TO INTERNATIONAL OR-
7 GANIZATIONS FOR ECONOMIC DEVELOPMENT.—Whenever
8 the Secretary of State finds that the purpose of the Fund
9 may be effectively promoted thereby, the Fund may con-
10 tribute to an international organization engaged in assisting

- 1 in economic development: *Provided*, That not more than
- 2 one-fourth of the assets of the Fund available for lending in
- 3 any one year may be so used in that year.' ”

AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

MAY 21, 1959

Referred to the Committee on Foreign Relations and
ordered to be printed

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

MAY 21, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 In order to cause a review and scaling down of military
2 assistance to and military expenditures by underdeveloped
3 countries, except for some where there are special problems:

4 On page 7, after line 13, insert:

5 “(a) In section 501, which relates to transferability of
6 funds, designate the present text as ‘(a)’ and add the fol-
7 lowing new subsection:

8 ““(b) To the extent that countries other than Korea,
9 Taiwan, Vietnam, and Turkey require assistance in the
10 nature of defense support called for by the military assistance

1 program in the country, such assistance in the nature of de-
2 fense support shall be paid for out of military assistance
3 funds. Transfers of funds for this purpose from the military
4 assistance account to the defense support account shall be
5 made notwithstanding the limitations contained in subsec-
6 tion (a) of this section. Corresponding amounts of funds
7 thus made available for defense support shall be transferred
8 to and consolidated with funds made available for use under
9 titles II, III, and IV of chapter II in such proportions as
10 the President shall direct notwithstanding subsection (a) of
11 this section and the fifth sentence of section 202 (b).’ ”

12 On pages 7, 8, and 9, redesignate subsections (a) to (f)
13 as (b) to (g), respectively.

AMENDMENTS

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

MAY 21, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

MAY 28, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. CHURCH to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended, viz: On page 1, designate the existing language of section 101 as “(a)” and add subsection:

1 “(b) Section 105 (b) (4) which relates to conditions
2 on military assistance to Latin America, is amended to read
3 as follows:

4 “‘Military assistance may be furnished to the other
5 American Republics only in furtherance of missions directly
6 relating to the common defense of the Western Hemisphere,
7 which are found by the President to be important to the
8 security of the United States. The President annually shall
9 review such findings and shall determine whether military

1 assistance is necessary. Internal security requirements shall
2 not be the basis for military assistance programs to Ameri-
3 can Republics.'”.

86TH CONGRESS
1ST SESSION

S. 1451

AMENDMENT

Intended to be proposed by Mr. CHURCH to the
bill (S. 1451) to amend the Mutual Security
Act of 1954, as amended.

MAY 28, 1959

Referred to the Committee on Foreign Relations and
ordered to be printed

IN THE SENATE OF THE UNITED STATES

MAY 28, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. CHURCH to the bill (S. 1451)
to amend the Mutual Security Act of 1954, as amended,
viz: On page 9, after line 12, insert the following:

- 1 “(g) Add the following new section:
- 2 “‘SEC. 550. INFORMATION POLICY.—The President
- 3 shall, in the reports required by section 534, or in response
- 4 to requests from Members of the Congress, make public all
- 5 information concerning the mutual security program not
- 6 deemed by him to be incompatible with the security of the
- 7 United States: *Provided*, That the security of the United
- 8 States may not be deemed to require the withholding of
- 9 information about past assistance under the program in one
- 10 recipient country on account of the sensitivity of another
- 11 recipient country.’”

AMENDMENT

Intended to be proposed by Mr. CNUROH to the
bill (S. 1451) to amend the Mutual Security
Act of 1954, as amended.

MAY 28, 1959

Referred to the Committee on Foreign Relations and
ordered to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

MAY 28, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. CHURCH to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended, viz: On page 1 amend section 101 to read as follows:

1 “SEC. 101. Section 103 (a) of the Mutual Security Act
2 of 1954, as amended, which relates to military assistance, is
3 amended by striking out ‘1959’ and ‘\$1,605,000,000’ and
4 substituting ‘1960’ and ‘\$1,570,500,000’, respectively, and
5 by inserting before the period ‘: *Provided*, That of this sum
6 no more than \$67,000,000 shall be available for military as-
7 sistance to other American Republics.’ ”.

AMENDMENT

Intended to be proposed by Mr. Church to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended.

MAY 28, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

MAY 28, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING (for himself, Mr. BARTLETT, Mr. BYRD of Virginia, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CHAVEZ, Mr. DOUGLAS, Mr. JOHNSTON of South Carolina, Mr. KEFAUVER, Mr. LANGER, Mr. MCGEE, Mr. MORSE, Mr. MOSS, Mr. NEUBERGER, Mr. PROXMIRE, Mr. RANDOLPH, Mr. TALMADGE, and Mr. YOUNG of Ohio) to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz: On page 9, between lines 12 and 13, insert the following:

- 1 SEC. 402. In section 537 (f), relating to presentation
- 2 of authorization and appropriation requests, insert before
- 3 the period: “: *Provided*, That within ninety calendar
- 4 days after the enactment of the Act making appropria-

1 tions for the fiscal year 1960 for carrying out the purposes
2 of this Act there shall be submitted to the Committees on
3 Appropriations of the House and Senate detailed budgets
4 on a country by country basis setting forth, with respect to
5 military assistance, defense support, technical cooperation,
6 and special assistance, the specific purposes in detail by
7 amounts for which the funds available will be obligated dur-
8 ing the fiscal year 1960, and such funds shall be available
9 only for the purposes thus specified: *Provided further*, That
10 during the annual presentations to the Congress of requests
11 for authorizations and appropriations under this Act for the
12 fiscal year 1961 and subsequent fiscal years, there shall be
13 submitted detailed budgets on a country by country basis
14 setting forth, with respect to military assistance, defense
15 support, technical cooperation, and special assistance, the
16 specific purposes in detail by amounts for which the funds
17 requested and to be available will be obligated during the
18 fiscal year for which such presentation is made.”

AMENDMENT

Intended to be proposed by Mr. Gruening (for himself, Mr. Bartlett, Mr. Byrd of Virginia, Mr. Byrd of West Virginia, Mr. Cannon, Mr. Chavez, Mr. Douglas, Mr. Johnston of South Carolina, Mr. Kefauver, Mr. Langer, Mr. McGee, Mr. Morse, Mr. Moss, Mr. Neuberger, Mr. Proxmire, Mr. Randall, Mr. Tammadge, and Mr. Young of Ohio) to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

MAY 28, 1959

Referred to the Committee on Foreign Relations and
ordered to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. MANSFIELD to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended, viz:

1 On page 8, after line 18, insert the following:

2 (c) Amend section 525, which relates to the Foreign
3 Operations Administration, to read as follows:

4 “SEC. 525. ECONOMIC AND TECHNICAL ASSISTANCE
5 PROGRAMS IN THE DEPARTMENT OF STATE.—(a) The
6 International Cooperation Administration and the office of
7 its Director are abolished. There is established in the De-
8 partment of State the Office of Deputy Under Secretary of
9 State for Economic Affairs, which shall be filled by appoint-
10 ment by the President, by and with the advice and consent
11 of the Senate.

1 “(b) All functions vested by law, executive order or
2 otherwise in the International Cooperation Administration or
3 any of its agencies and its Director, are transferred to the
4 Office of the Deputy Under Secretary of State for Economic
5 Affairs, and the incumbent of such office shall carry out
6 such functions under the direction and control of the Sec-
7 retary of State.

8 “(c) The records, property, personnel, positions and
9 unexpected balances of appropriations, allocations and other
10 funds of the International Cooperation Administration are
11 placed in the Office of the Deputy Under Secretary of State
12 for Economic Affairs.

13 “(d) The Deputy Under Secretary of State for Eco-
14 nomic Affairs may delegate or assign any of his functions
15 to his subordinates and authorize any of his subordinates to
16 whom functions are so delegated or assigned successively to
17 redelegate or reassign any of such functions. He or his
18 designees may from time to time, to the extent consistent
19 with law, promulgate such rules and regulations as may be
20 necessary and proper to carry out any of his functions.

21 “(e) The President shall place appropriate categories
22 of persons employed by the Office of the Deputy Under
23 Secretary of State for Economic Affairs in the Foreign Serv-
24 ice of the United States. The President shall also merge
25 functions of the Office of the Deputy Under Secretary of

1 State for Economic Affairs with functions of other offices in
2 the Department of State in cases in which such merging
3 would better serve to carry out the policies of this Act.

4 “(f) Within six months after the enactment of the
5 Mutual Security Act of 1959 the President shall issue a
6 single executive order, consolidating and bringing up to
7 date all outstanding orders pertaining to the administra-
8 tion of this Act and related functions.”

AMENDMENT

Intended to be proposed by Mr. MANSFIELD to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended.

JUNE 1, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. MANSFIELD to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended, viz: On page 8 after line 18, insert the following:

- 1 (c) Amend section 523 (c) (2) to read as follows:
- 2 “determine whether there shall be a military assistance pro-
- 3 gram for a country and determine the value of such pro-
- 4 gram.”.

86TH CONGRESS
1ST SESSION

S. 1451

AMENDMENT

Intended to be proposed by Mr. Mansfield to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended.

JUNE 1, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. MANSFIELD to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended, viz:

1 On page 9, after line 12, insert “(g) add the following
2 new section:
3 “‘SEC. 550. *Information Policy.* Information about
4 the dollar value of programs of military assistance, defense
5 support and special assistance shall be made public for the
6 current fiscal year by December 31 of that year. Such assist-
7 ance shall be terminated and the programs liquidated, ac-
8 cording to the terms of the last sentence of section 503, in
9 any country with respect to which this requirement is not
10 fulfilled.’”.

AMENDMENT

Intended to be proposed by Mr. Mansfield to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended.

JUNE 1, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. MANSFIELD to the bill (S. 1451)
to amend the Mutual Security Act of 1954, as amended,
viz: On page 7, after line 13, insert the following:

1 (a) In section 503, which relates to termination of as-
2 sistance, designate the existing language as subsection "(a)"
3 and add the following new subsection:

4 “(b) The President shall include in his recommenda-
5 tions to the Congress for the fiscal year 1961 programs under
6 this Act a detailed plan for each country receiving bilateral
7 grant assistance in the categories of defense support or special
8 assistance, whereby such grant assistance shall be pro-
9 gressively reduced and eliminated within three years.”,

86TH CONGRESS
1ST SESSION

S. 1451

AMENDMENT

Intended to be proposed by Mr. MANSFIELD to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended.

JUNE 1, 1959

Referred to the Committee on Foreign Relations and ordered to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JUNE 24, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. JAVITS to the bill (S. 1451)
to amend further the Mutual Security Act of 1954, as
amended and for other purposes, viz:

1 On page 24, strike out lines 6 to 14.

6-24-59—D

AMENDMENT

Intended to be proposed by Mr. JAVITS to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 24, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JUNE 30, 1959

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. DODD to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended, viz:
On page 22, after line 16, add the following new subsection:

1 (m) Amend section 413 (a), which relates to en-
2 couragement of free enterprise and private participation,
3 by inserting in the last sentence thereof after "through pri-
4 vate trade and investment abroad," the following: "the pro-
5 motion and development of consumer credit".

6 Renumber subsequent subsections.

AMENDMENTS

Intended to be proposed by Mr. Dodd to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended.

JUNE 30, 1959

Ordered to lie on the table and to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

JUNE 30, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DODD to the bill (S. 1451)

to amend the Mutual Security Act of 1954, as amended, viz:

On page 17, after line 18, add the following new paragraph:

- 1 (3) Add the following new subsection:
- 2 “(f) It shall be the function of the Managing Director
- 3 to facilitate the processing of loan applications through (1)
- 4 the establishment of well-defined procedures for the con-
- 5 sideration of such applications, including specified hearing
- 6 procedures and full opportunity for applicants to present
- 7 supporting data and (2) the publication of loan agreements
- 8 when negotiated, which shall be made available to the
- 9 public.”

86TH CONGRESS
1ST SESSION

S. 1451

AMENDMENT

Intended to be proposed by Mr. Dodd to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended.

JUNE 30, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JUNE 30, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (S. 1451)
to amend the Mutual Security Act of 1954, as amended,
viz: On page 28, after line 24, insert the following:

1 SEC. 552. LIMITATION ON AUTHORIZATIONS FOR DE-
2 FENSE SUPPORT AND SPECIAL ASSISTANCE.—Notwith-
3 standing section 131 (b), relating to defense support, and
4 section 400 (a), relating to special assistance, the total
5 amount appropriated for the fiscal year 1960 pursuant to
6 the authorizations contained in those sections shall not
7 exceed \$879,620,000.

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended.

JUNE 30, 1959

Ordered to lie on the table and to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

JUNE 30, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (S. 1451)
to amend the Mutual Security Act of 1954, as amended, viz
On page 28, line 17, add the following:

- 1 Information about the dollar value of programs of mili-
- 2 tary assistance, defense support and special assistance shall
- 3 be made public for the current fiscal year by December 31
- 4 of that year.

86TH CONGRESS
1ST SESSION

S. 1451

AMENDMENT

Intended to be proposed by Mr. Morse to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended.

JUNE 30, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JUNE 30, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (S. 1451)
to amend the Mutual Security Act of 1954, as amended, viz:
On page 26, after line 21, insert the following:

1 (g) Amend section 534, which relates to reports to
2 the Congress, by inserting “(a)” immediately after “RE-
3 PORTS.—” and by adding at the end thereof the following:
4 “(b) All documents, papers, communications, audits,
5 reviews, findings, recommendations, reports, and other mate-
6 rial which relate to the operation or activities of the Inter-
7 national Cooperation Administration shall be furnished to
8 the General Accounting Office and to any committee of the
9 Congress, or any duly authorized subcommittee thereof,
10 charged with considering legislation or appropriation for, or
11 expenditures of, such Administration upon request of the

1 General Accounting Office or such committee or subcom-
 2 mittee as the case may be.”

Calendar No. 405

86TH CONGRESS
 1ST SESSION

S. 1451

AMENDMENT

Intended to be proposed by Mr. MORSE to the
 bill (S. 1451) to amend the Mutual Security
 Act of 1954, as amended.

JUNE 30, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JUNE 30, 1959

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. DODD to the bill (S. 1451)
to amend the Mutual Security Act of 1954, as amended,
viz: On page 16 after line 10, insert the following new sub-
section:

1 (a) Amend section 202 (b), which relates to general
2 authority, by inserting in the third sentence thereof after
3 “the purposes of this title,” the following: “including the
4 establishment and promotion of consumer credit,”.

5 Renumber subsequent subsections.

AMENDMENTS

Intended to be proposed by Mr. Dodd to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended.

JUNE 30, 1959

Ordered to lie on the table and to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. JOHNSTON of South Carolina to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 28, after line 24, insert the following:
- 2 "SEC. 552. PROHIBITION ON ASSISTANCE TO CERTAIN
- 3 COUNTRIES.—None of the funds authorized to be appro-
- 4 priated or otherwise made available by this Act shall be used
- 5 for assistance to any country which the President may deter-
- 6 mine is engaged in the nationalization, expropriation, con-
- 7 fiscation, or other taking without adequate compensation of
- 8 property owned by the United States or any national
- 9 thereof."

AMENDMENT

Intended to be proposed by Mr. JOHNSTON of South Carolina to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

86TH CONGRESS
1ST SESSION

Calendar No. 405

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MANSFIELD to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 24, line 14, strike out the period and insert the
- 2 following: "within three years."

7-1-59—H

80TH CONGRESS
1ST SESSION

S. 1451

AMENDMENT

Intended to be proposed by Mr. MANSFIELD to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MANSFIELD to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz: On page 26, after line 17, redesignate the following sections and insert:

1 (f) Amend section 525, which relates to the Foreign
2 Operations Administration, to read as follows:

3 “SEC. 525. ECONOMIC AND TECHNICAL ASSISTANCE
4 PROGRAMS IN THE DEPARTMENT OF STATE.—(a) There is
5 established in the Department of State the Office of Deputy
6 Under Secretary of State for Economic Affairs, which shall
7 be filled by appointment by the President, by and with the
8 advice and consent of the Senate.

9 “(b) All functions vested by law, Executive order, or

1 otherwise in the International Cooperation Administration
2 or any of its agencies and its Director, are transferred to the
3 Office of the Deputy Under Secretary of State for Economic
4 Affairs, or such other divisions, services, bureaus, or offices
5 of the Department of State as the Secretary of State shall
6 direct.

7 “(c) The records, property, personnel, positions, and
8 unexpended balances of appropriations, allocations, and other
9 funds of the International Cooperation Administration are
10 placed in the Office of the Deputy Under Secretary of State
11 for Economic Affairs or in such other divisions, services,
12 bureaus, or offices of the Department of State as the Secre-
13 tary of State shall direct.

14 “(d) The Secretary of State shall place appropriate
15 categories of persons employed in the Office of the Deputy
16 Under Secretary of State for Economic Affairs in the Foreign
17 Service of the United States.

18 “(e) Within six months after the enactment of the
19 Mutual Security Act of 1959 the President shall issue a
20 single Executive order, abolishing the International Coopera-
21 tion Administration and the Office of its Director and con-
22 solidating and bringing up to date all outstanding orders
23 pertaining to the administration of this Act and related
24 functions.”

1914-1915

1914-1915

1914-1915

1914-1915

1914-1915

1914-1915

1914-1915

1914-1915

AMENDMENT

Intended to be proposed by Mr. MANFIELD to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 16, line 6, strike out "\$835,000,000" and
- 2 insert in lieu thereof "\$500,000,000".

7-1-59—V

S. 1451

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

- 1 On page 25, line 15, strike out everything following the
- 2 period, through line 24.

7-1-59—C

S. 1451

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

- 1 On page 23, line 14, strike out "\$180,000,000" and
- 2 insert in lieu thereof "\$100,000,000".

7-1-59—S

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

- 1 Beginning on page 23, line 20, strike out through page
- 2 24, line 5.
- 3 On page 24, line 6, strike out “(b)” and insert in lieu
- 4 thereof “(a)”.
- 5 Renumber succeeding sections accordingly.

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

- 1 On page 27, strike out lines 1 and 2.
- 2 Amend the Mutual Security Act of 1954, as amended,
- 3 by deleting section 537 (c) .
- 4 Renumber succeeding sections accordingly.

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

- 1 On page 21, beginning with line 15, strike out all
- 2 through line 16 on page 22.
- 3 Renumber succeeding sections accordingly.

7-1-59—X

AMENDMENTS

Intended to be proposed by Mr. EILENDER to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 19, line 9, strike out "\$244,620,000" and
- 2 insert in lieu thereof "\$100,000,000".

7-1-59—F

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz: On page 16, beginning with line 11, strike out all through page 17, line 18, and insert in lieu thereof the following:

1 (a) Amend section 203, which relates to capitalization,
2 to read as follows:

3 “SEC. 203. CAPITALIZATION.—(a) There is hereby
4 authorized to be appropriated to the President without fiscal
5 year limitation, for advances to the Fund after June 30,
6 1959, not to exceed \$700,000,000.”

7-1-59—T

86TH CONGRESS
1ST SESSION

S. 1451

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. COOPER to the bill (S. 1451)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

1 On page 11, line 6, after the word "to" insert
2 "maintain,".

3 On page 11, line 9, after the word "to" insert the words
4 "maintain and".

5 On page 11, beginning with line 11, strike out down
6 through line 14 and insert in lieu thereof the following:

7 "“(2) The Congress declares it to be a primary
8 objective of the United States, and one consistent with
9 its tradition and ideals, to share the strivings of the
10 peoples of other lands who are working energetically

- 1 toward political and economic freedom and the advance-
 2 ment of living standards, by giving generously of our
 3 substance, and by exchanges of knowledge and culture.”
 4 On page 11, line 15, strike out “(2)” and insert
 5 “(3)”.

AMENDMENTS

Intended to be proposed by Mr. Cooper to the
 bill (S. 1451) to amend further the Mutual
 Security Act of 1954, as amended, and for
 other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to the bill (S. 1451)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

1 On page 16, beginning with line 13, strike out all
2 through line 13 on page 17 and insert in lieu thereof the
3 following:

4 "SEC. 203. CAPITALIZATION.—There is hereby author-
5 ized to be appropriated to the President at any time after
6 enactment of the Mutual Security Act of 1959 without fiscal
7 year limitation for advances to the Fund after June 30, 1959,
8 not to exceed \$1,500,000,000 of which not to exceed \$700,-
9 000,000 may be advanced prior to July 1, 1960, not to
10 exceed an additional \$500,000,000 may be advanced prior
11 to July 1, 1961, and not to exceed an additional \$300,-
12 000,000 may be advanced prior to July 1, 1962."

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

- 1 On page 30, beginning with line 5, strike out all through
- 2 line 21 on page 31.
- 3 Renumber succeeding sections accordingly.

7-1-59—W

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ROBERTSON (for himself, Mr. ERVIN, Mr. BYRD, and Mr. TALMADGE) to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz: On page 26, between lines 21 and 22, insert the following:

- 1 (g) Amend section 534, which relates to reports to the
2 Congress, by inserting “(a)” immediately after “RE-
3 PORTS.—” and by adding at the end thereof the following:
4 “(b) All documents, papers, communications, audits,
5 reviews, findings, recommendations, reports, and other ma-
6 terial which relate to the operation or activities of the Inter-
7 national Cooperation Administration shall be furnished to
8 the General Accounting Office and to any committee of the
9 Congress, or any duly authorized subcommittee thereof,
10 charged with considering legislation or appropriation for, or

1 expenditures of, such Administration upon request of the
 2 General Accounting Office or such committee or subcom-
 3 mittee as the case may be.”

4 Redesignate subsections (g) to (j), inclusive, as (h)
 5 to (k), respectively.

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 1ST SESSION

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S. 1451

AMENDMENTS

Intended to be proposed by Mr. ROBERTSON
 (for himself, Mr. ERYN, Mr. BYRD, and Mr.
 TALMADGE) to the bill (S. 1451) to amend
 further the Mutual Security Act of 1954,
 as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 1, 1959

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 29, line 5, after "SEC. 501." insert "(a)".
- 2 On page 29, after line 18, insert the following:
- 3 “(b) In order to carry out the purposes of subsec-
- 4 tion (a) of this section and in order to plan logically for
- 5 an orderly expansion of United States support to interna-
- 6 tional health activities, the President is authorized to under-
- 7 take, in cooperation directly with other governments, or
- 8 indirectly through utilizing the resources and services of the
- 9 United Nations and the Organization of American States or
- 10 any of their specialized agencies, programs and projects of

1 research, studies, field surveys, trials, and demonstrations
2 to determine the feasibility of future intensive programs for
3 reduction, control, or eradication of disease problems of inter-
4 national importance. The President is hereby authorized to
5 use funds made available under the Mutual Security Act of
6 1954, as amended (other than chapter I and title II of
7 chapter II), to carry out the purposes of this section; and
8 there is hereby authorized to be appropriated to the Presi-
9 dent, in addition to such funds, not to exceed \$2,000,000,
10 for the fiscal year 1960.”

80TH CONGRESS
1ST SESSION

S. 1451

AMENDMENTS

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 1, 1959

Ordered to lie on the table and to be printed

Calendar No. 405

86TH CONGRESS
1ST SESSION

S. 1451

IN THE SENATE OF THE UNITED STATES

JULY 7, 1959

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BRIDGES (for himself and Mr. JOHNSTON of South Carolina) to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 28, line 24, strike out the quotation marks and
2 after line 24, insert the following:

3 “SEC. 552. SUSPENSION OF ASSISTANCE TO CERTAIN
4 COUNTRIES.—Whenever the President determines that any
5 country receiving assistance under this Act is engaged in the
6 nationalization, expropriation, confiscation, or other taking
7 without adequate compensation of property owned by the
8 United States or any national thereof, he shall suspend as-
9 sistance to such country until he is satisfied that such country

1 (1) is no longer so engaged, and (2) has paid adequate
 2 compensation for, or made restitution of, any property so
 3 taken subsequent to January 1, 1959."

86TH CONGRESS
 1ST SESSION

S. 1451

Calendar No. 405

AMENDMENT

Intended to be proposed by Mr. BRIDGES (for himself and Mr. JOHNSTON of South Carolina) to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JULY 7, 1959

Ordered to lie on the table and to be printed